



National Financial Inclusion Strategy for Swaziland 2017 - 2022

GOVERNMENT OF THE KINGDOM OF SWAZILAND

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Acronyms

Alliance for Financial Inclusion	AFI
Central Bank of Swaziland	CBS
Centre for Financial Inclusion	CFI
Centre for Financial Regulation and Inclusion	CENFRI
Commission for Cooperatives Development	CCD
Deputy Prime Minister	DPM
Development Credit Providers	DCPs
Development Finance Institutions	DFI's
European Union	EU
Federation of Swaziland Business Community	FESBC
Federation of Swaziland Employers & Chamber of Commerce	FSE&CC
Financial Inclusion Agency	FIA
Financial Inclusion Strategy	FIS
Financial Inclusion Task Team	FITT
Financial Institutions	FI
Financial Sector Impementation Development Plan	FSDIP
Financial Services Regulatory Authority	FSRA
International Fund for Agricultural Development	IFAD
Know Your Customer	KYC
Making Access Possible	MAP
Micro Finance Unit	MFU
Micro, Small and Medium Enterprises	MSMEs
Microfinance Funding Agency	MFA
Microfinance Institutions	MFI's
Ministry of Agriculture	MoA
Ministry of Commerce Industry & Trade	MoCIT
Ministry of Commerce Industry & Trade	MTAD
Ministry of Economic Planning & Development	MEPD
Ministry of Education & Training	MOET
Ministry of Finance	MoF
Ministry of Information Communications & Technology	MoICT
Ministry of Youth Sports and Culture Affairs	MoYSC
Mobile Network Operators	MNOs
National Development Strategy	NDS
Non-Governmental Organizations	NGOs
Poverty Reduction Strategy and Action Plan	PRSAP
Public Policy Coordination Unit	PPCU

Rural Finance and Enterprise Development Programme	RFEDP
Savings and Credit Co-operatives	SACCOs
Small & Medium Enterprise	SME
Small Enterprise Development Company	SEDCO
Swaziland Commercial Amadoda	SCA
Swaziland Household Income & Expenditure Survey	SHIES
Technical Group	TG
United Nations Capital Development Fund	UNCDF
United Nations Development Programme	UNDP
United Nations	UN
Vulnerability Assessment Committee	VAC

Foreword

1. Though more than two-thirds (64 percent) of the Swazi adults are formally served, a significant number are excluded or face a large number of access barriers notably low affordability, and sometimes onerous documentation requirements (FinScope Swaziland: 2014). The UNDP Swaziland (2012) study on youth entrepreneurship established that only 8% of the businesses had access to bank credit and 57% relied on friends and relatives to obtain money to support their businesses.
2. The World Bank states that "*Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way*". The World Bank has further stated that the implementation of the Financial Inclusion agenda can be an enabler for 7 out of the 14 Sustainable Development Goals (SDGs).
3. The African Union (AU) in its Agenda 2063 identified the key role of transforming the financial sector to better finance development. The G20 presidency in endorsing the key role of financial inclusion in 2011, through the Global Policy for Financial Inclusion (GPII) developed a framework to assist countries formulate the financial inclusion strategies.
4. The universal access to formal financial services is not only apt to achieve growth, but can also address the widespread challenge with income inequality within and amongst the countries. The improved payments system will enable all the sectors of the society to easily access financial services, the provision of appropriate insurance can ensure that improved households are able to stay out of poverty (Queen Maxima: 2016).
5. Connection with the formal financial system will ensure the integration of the segments of the population that are otherwise left out in the economy and access to a wider range of financial services through the developed credit history. However, financial inclusion does not end with the access to financial services, but also need to address the key critical issues of quality and usage of these services.

6. The GoS attaches a critical role for the financial inclusion. At the microeconomic or household level, financial inclusion can impact people's welfare directly by reducing their transaction costs, enabling them to more efficiently manage risks, allocating capital for productive use and supporting the accumulation of wealth over time. Financial services can also facilitate access to core services, such as health or education. This can impact growth directly, by triggering service sectors, as well as indirectly, by enhancing productivity.
7. The Financial Inclusion journey for GoS dates back to 2010 in which the Government of Swaziland (GoS) through the Ministry of Finance (MoF) established the Micro Finance Unit (MFU) to implement the IFAD supported Rural Finance and Enterprise Development Programme (RFEDP) to facilitate access to financial services for the rural population and the micro & small businesses. The MoF in 2013 joined the Alliance for Financial Inclusion (AFI), which is a global movement on financial inclusion. The following were the subsequent developments:

i) Financial demand-side Surveys

8. Support from FinMark Trust in South Africa was received to conduct the first FinScope Swaziland 2011 national Consumer Survey, which was followed by the Swaziland 2014 Survey to provide the financial demand-side data for the country. From 2011, the access to formal financial services improved from 50 percent to 64 percent in 2014.

ii) Making Access Possible

9. In 2015 the UNCDF through FinMark Trust provided the support for the GoS to conduct the Making Access Possible (MAP) financial diagnostic survey which assessed both the demand and supply-side financial issues which was presented to the stakeholders in November 2014. The stakeholders concurred on a list of priorities that should be addressed to enhance access to finance in the country.

iii) Financial Inclusion Task Team

10. The MoF constituted a Financial Inclusion Task Team comprising of the MFU, the Central Bank of Swaziland (CBS) and the Financial Services Regulatory Authority (FSRA) to develop the National Financial Inclusion Strategy (NFIS).

Using the data and information that were generated (FinScope Swaziland and MAP) and the capacity from AFI, in 2015 the task Team began the process to draft the NFIS and presented the Draft Document to the stakeholders in August 2016.

11. The National Development Strategy (NDS) articulates the country's development vision and aspiration for 25 years i.e. 1997 -2022. A number of strategic priorities outlined in the NDS are relevant from a financial inclusion point of view. This includes the need to satisfy the demand for credit among indigenous entrepreneurs, the need to achieve efficiency in state-owned financial institutions (most notably SwaziBank), the repatriation of pension fund investments to stimulate local investment and the incorporation of Savings and Credit Co-operatives (SACCOs) into the formal financial sector.
12. Furthermore, the Poverty Reduction Strategy and Action Plan (PRSAP) emphasises the need for savings to support poverty alleviation (Government of Swaziland, 1999). This strategy lays out the Government of Swaziland's vision for improving financial inclusion for its people to address social welfare and economic growth gaps. This will form part of the Financial Sector Implementation Development Plan (FSDIP) through which the country seeks to enhance the depth and outreach of the local financial system. The strategy covers the years 2016 through 2022.
13. This National Financial Inclusion Strategy (NFIS) for Swaziland represents the commitment of the Government of the Kingdom of Swaziland, particularly the Ministry of Finance (MoF) to transform the local financial system to be more relevant to the needs of the wider segments of the Swazi society. The Ministry acknowledges the effective role and commitment of the Central Bank of Swaziland (CBS), the Financial Services Regulatory Authority, as well as the Micro Finance Unit for co-ordinating and leading the process to formulate this Strategy Document. The contribution of the development partners such as FinMark Trust, UNCDF and the Alliance for Financial Inclusion (AFI) to make this Document to be evidence-based and comprehensive. The support from all the local stakeholders that made their input for the country to have a relevant, practical and very responsive strategy document. The MoF will closely monitor the implementation of this Strategy to ensure that it makes the necessary impact.

CHAPTER 1 - Introduction

1.1. Background and purpose

14. Across the African continent, governments have begun to realise the pivotal role financial inclusion can play in combatting poverty and contributing to inclusive economic growth. Growing bodies of evidence have shown that financial sector deepening is crucial to the process of economic development, and how finance can positively impact the poor by reducing income inequality and expanding employment.
15. Recent innovations in financial services for low-income groups, in particular, has shown governments how financial inclusion can strengthen the resilience of vulnerable and marginalised populations. As a result, a number of countries on the continent and in the region have begun to develop national financial inclusion strategies and spearhead key programs and initiatives to improve financial markets.
16. Financial inclusion refers to the delivery of financial services and products in a way that is available, accessible and affordable to all segments of society and plays a pivotal role in combatting poverty and contributing to inclusive economic growth. The three main dimensions of financial inclusion are:
 - **Access:** *the combination of both the availability and appropriateness of financial products and services;*
 - **Usage:** *the frequency of interaction with the product or service; and*
 - **Quality:** *the combination of product fit, value add, convenience and risk.*
17. In addition to the aforementioned dimensions, exclusion can also be voluntary or involuntary and activities to drive inclusion should focus on involuntary exclusion, which results from low incomes and high risk profiles of the un- and underserved segments of society.
18. Financial products and services for those who are in some way included, can be provided in the formal or informal arena, which not only influences access and affordability, but also predictability or product performance, consumer

protection and effectiveness. The adult population and businesses accessing financial services and products can be segmented into three main categories:

- **The “Banked”** population refers to individuals and businesses who have/use services provided by an institution operating under a banking license which is regulated by the regulatory authority of the country.
- **Other formal (non-bank)** refers to individuals and businesses who are served by other regulated financial institutions. These adults have/use financial products and/or services provided by regulated non-bank financial institutions such as micro-finance banks/ institutions insurance companies, retail, remittances service providers, and credit providers.
- **The “Underbanked”** population refers to individuals and businesses who have needs for multiple products, but only have access or use a select subset of them.

19. **The informally served refers to the adult population who do not make use of financial products provided by regulated financial institutions.** This segment of the population do not have/use any financial products and/or services from regulated financial institutions. In many African countries the informal financial sector is largely driven by remittances, savings groups and credit associations.

20. **Whether through formal, or informal channels, financial inclusion encompasses four main products:**

- **Transaction [products]** enable people and businesses to buy goods and services, and send money to friends, family and business partners. They also enable government to collect taxes and disburse social payments;
- **Savings** offer a safe place to save and build assets for future expenditures such as education and agricultural inputs. Savings also allow families, individuals, and businesses to smooth their consumption;
- **Credit** provides access to capital and enables people and businesses to seize new business opportunities or expand existing operations, and increase consumption in times of need; and
- **Insurance** enables people and businesses to manage risk and protect themselves from sudden shocks.

1.2. Government Vision on Financial Inclusion

21. The development of a National Financial Inclusion Strategy (NFIS) is a continuation of efforts by the Government of the Kingdom of Swaziland to afford appropriate and quality financial services and products accessible to all categories of the population as well as the micro, small and medium enterprises (MSMEs). It is intended to remove constraints preventing some strata of the population from having access to and use of these services and products.
22. Government has introduced a number of initiatives to promote financial inclusion:
 - A Micro Finance Unit (MFU) has been set up under the authority of the Ministry of Finance. Part of its mandate is to drive financial inclusion through the implementation of a Rural Finance and Enterprise Development Programme.
 - The government is actively collaborating with the International Fund for Agricultural Development (IFAD) and several financial institutions to improve linkages to financial services and markets to facilitate rural small and medium enterprises' access to finance.
 - The Central Bank of Swaziland will endeavour to complement growth and stability policies with targeted interventions to support broader access to financial services. Furthermore, financial inclusion objectives are included in the Strategic Vision 2016 of the Bank.
 - In 2013, the Ministry of Finance and the Central Bank of Swaziland became members of the global Alliance for Financial Inclusion (AFI), with the Ministry being the principal and the Central Bank of Swaziland (CBS) an associate member.
23. The NFIS proposes a series of measures that require a commitment on the part of the country's authorities and the participation of all the key relevant stakeholders to supervise the demand for or the supply of financial services and products.
24. The NFIS lays out a plausible vision for the enhancement of financial inclusion in Swaziland. It is based on the diagnostic exercise contained in the Making Access Possible (MAP) Swaziland Diagnostic Report (2014) which in turn draws mainly from in-country supply side research, qualitative research, and the Swaziland FinScope Survey (2011) and Finscope Swaziland Survey 2014.

1.3. Methodology and Approach

25. Making Access to Financial Services Possible (MAP) is a multi-country initiative to support financial inclusion through a process of evidence-based country analysis. It is a partnership between the United Nations Capital Development Fund (UNCDF), FinMark Trust and the Centre for Financial Regulation and Inclusion (Cenfri). In each country, it brings together a broad range of stakeholders from within government, private sector and the donor community to create a set of practical actions aimed at extending financial inclusion tailored to that country. Financial inclusion is achieved when consumers across the income spectrum in a country can access and sustainably use of financial services that are affordable and appropriate to their needs.
26. The MAP approach sees financial inclusion as a means to an end, the end being improved welfare and an impact on the real economy, namely those activities that contribute to GDP and economic growth. Economic theory suggests that financial intermediation can fuel real economy impacts at the macroeconomic level by mobilising savings for investment purposes (including capital allocation for business development), reducing transaction costs and increasing efficiency, thereby contributing to employment generation and growth.
27. The strategy development process was coordinated by the Ministry of Finance in collaboration with the financial regulators, the CBS and the FSRA. A stakeholder-driven approach was adopted wherein consultations were conducted with key and relevant stakeholders with the aim of establishing a conceptual understanding and appreciation of financial inclusion and prevailing challenges in Swaziland. The entire process was undertaken in conformity to the current guidelines for drafting Public Documents as developed by the Public Policy Coordination Unit (PPCU).

1.4. Key Stakeholders Consulted

28. MAP Swaziland was requested by the Government of Swaziland as input towards the development of a financial inclusion strategy for Swaziland. The Ministry of Finance set up a Financial Inclusion Task Team comprising representatives from the Micro Finance Unit (MFU), the CBS, the Financial Services Regulatory Authority (FSRA), and the Ministry of Finance.

29. The strategy development process also sought guidance from the parent ministry as well as input from relevant and key Governments' ministries, CBS, FSRA, NGO's, Micro Finance Institutions (MFI's), Development Finance Institutions (DFI's), Savings and Credit Cooperative Societies (SACCOS), money lending institution and individuals.

CHAPTER 2 – Financial Inclusion

2.1. Strategy Principles

30. The Government of Swaziland recognizes the significant role of the financial services sector in contributing to economic growth, as well as the potential for financial inclusion to contribute to poverty alleviation.
31. Financial services play a critical role in enabling poor people to sustain livelihoods and improve living conditions by helping to stretch small, irregular and uncertain incomes to pay for expenses and secure investment opportunities. It fosters economic growth through promoting the development of a supportive infrastructure and systems that would ease access to credit for a well-prepared MSME sector to contribute to employment creation and foreign exchange earning. Improved access to finance is regarded as pro-growth and also a means to reduce income inequality and poverty.

2.2. Strategy Objectives

32. The strategy for financial inclusion shall:
- *Ensure Regulation and Licensing* - Promote regulation that is conducive to encouraging financial inclusion in the sector;
 - *Promote Affordable Product Pricing* - Facilitate the development of mechanisms to recapitalise solvent microfinance providers to enable provision of responsive and affordable financial products through incentives and mandates;
 - *Reporting and Information Management* - Keep and maintain a database of all industry service providers, monitoring of all financial inclusion activities and disseminating information. Promotion of a platform for service providers to network, exchange views and share experiences;
 - *Promoting Gender Equality* - Ensure equal access and participation of all groups in financial inclusion activities in the country; and,

- *Financial Capability and Consumer Protection* - Educate consumers and train providers, and ensure that the necessary evaluation and monitoring is undertaken.

2.3. *Strategy Vision*

33. In order to provide a vision and direction, a financial inclusion strategy goal is proposed towards which supportive intervention action is organized and monitored. In line with the vision 2022 of Swaziland, the proposed goal is to:

“Increase the depth of Financial Inclusion, growing the percent of adults with access to two or more formal products from 43% to 75%, and reducing the excluded from 27% to 15%, by 2022 by growing mobile money and remittances, deepening bank reach, getting credit basics right, ensuring risk management products are available, and enabling alternative channels to serve the poor”.

2.4. *Rationale for a financial Inclusion Strategy*

34. FinScope Swaziland suggests that the Swazi adult population face severe budget constraints and are struggling to make ends meet. A household often makes a living through more than one means and only a minority of adults have consistent, formal income sources.
35. Furthermore, though more than two-thirds of Swazi adults are formally served, a significant number are excluded or face a large number of access barriers notably low affordability, and sometimes onerous documentation requirements. The UNDP Swaziland (2012) study on youth entrepreneurship established that only 8% of the businesses had access to bank credit and 57% relied on friends and relatives to obtain money to support their businesses.

2.5. *Justification*

36. The adoption of a strategy for financial inclusion in Swaziland seeks to address the above main points and is based on the following justifications:
- *Impact on Economic Development* - Is a key factor for economic development and poverty reduction;

- *Focus on the Bottom-of-the-Pyramid Population* - The approach focuses on the needs of the population regarding financial services and products.
- *Inclusivity* - This demand-side approach makes it possible to better meet needs by identifying all the means available, thereby making greater inclusion possible;
- *Deepening the Financial Sector* - Focuses on constraints that act as barriers between the supply of, and the demand for, financial products and proposes measures to remove these constraints without compromising financial stability;
- *Financial Stability* – Ensure a balance between the implementation of the strategy and the financial stability; and,
- *Cross-cutting Framework* - It complements other programs already adopted for the financial and other sectors while ensuring actions are coordinated.

3.1. Background

37. Financial Inclusion is broadly defined as the effective access by citizens to a range of quality financial services such as credit, savings, insurance, payments and remittances, provided by diverse financial service providers. "Effective access" involves convenient and responsible service delivery, at a cost both affordable to the customer and sustainable for the provider.
38. Most Swazis make a living in the informal sector. Only one in every five adults earn their main source of income in the formal sector – either as civil servants or as company employees. A further 5 percent have a regular job income from a farm or another individual. The rest of the population have to find a way to make ends meet either through informal trading, piece jobs, or are dependent on family or the state for their living.
39. FinScope 2011 established that the Swazi adult population face severe budget constraints and are struggling to make ends meet. A household often makes a living through more than one means and only a minority of adults have consistent, formal income sources. Furthermore, though around half of Swazi adults are formally served, a significant number are excluded or face a large number of access barriers notably low affordability, and sometimes onerous documentation requirements.

Figure 1: Financial Inclusion Landscape for Swaziland

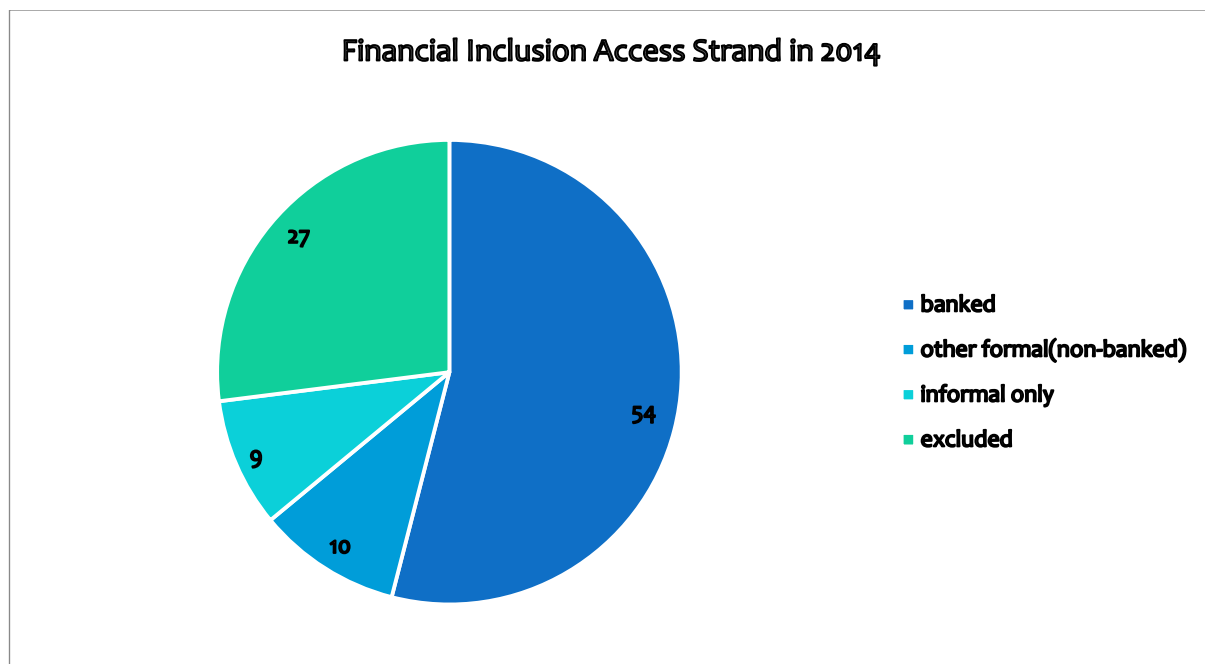
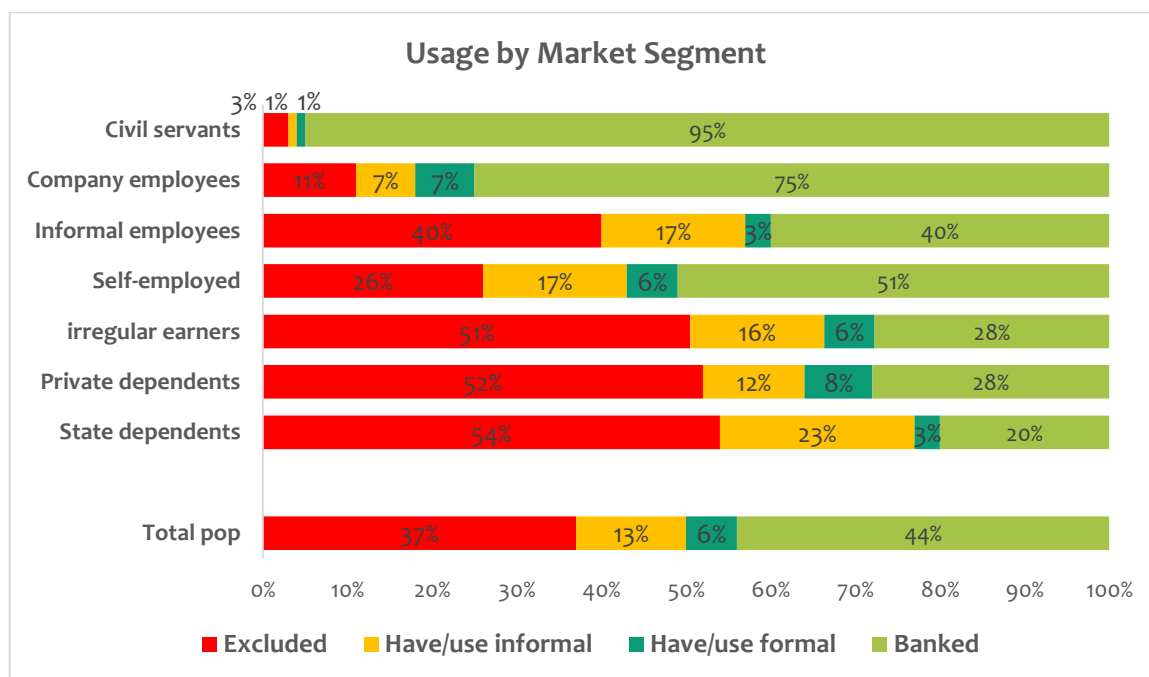


Figure 2: Financial Service Usage in Swaziland



Source: FinScope Swaziland 2011

40. The small population and low average income limits the number of financial institutions that can sustainably offer formal financial services. Furthermore, Swazi banks are comfortably profitable averaging 25% margins for the 2012

financial year. Between 50 and 60% of bank revenue comes from bank charges rather than interest. This limits their incentive to move downmarket.

3.2. *Barriers to Financial Inclusion in Swaziland*

41. Like most countries, Swaziland's barriers to financial inclusion are experienced differently across the four product categories of transaction, savings, credit and insurance. ;typically, Swaziland experiences supply barriers, demand barriers and policy and regulatory environments barriers.
42. **Demand side barriers** - In most cases is attributable to the irregular incomes streams experienced particularly by those at the bottom of the pyramid; and because of this, these fail to meet minimum account opening requirements. Those at the bottom of the pyramid, will also have inadequate information on financial services and products offered by financial services providers and because of this, they tend to then lack confidence in the financial system.
43. **Supply side barriers** - The lack of a robust credit information system in most countries is a huge barrier for financial inclusion. Like in Swaziland, the lack of a credit reporting system is one of the biggest barriers in that credit providers do not have full credit information about their clients hence are not able to take fully informed credit lending decision. Furthermore, most credit providers lack the skills to understand the dynamics of projects of those at the bottom of the pyramid hence exclusion. Finally, poor infrastructure in rural areas sometimes does lead to reluctance by financial institutions to establish branches in those areas.
44. **Regulatory barriers** - One of the biggest barriers to financial inclusion in Swaziland like in most countries has been the absence of a coordinated national policy and strategy on financial inclusion. A weak consumer protection and regulatory framework has also contributed to this barrier; capacity and resource constraints can also be cited as another barrier to Financial inclusion in Swaziland.

3.2.1. *Access Barriers*

Payslips as eligibility requirement are the most significant barrier to accessing formal credit. Personal loans, the most commonly offered loan product, are offered by

nearly all the credit providers. The formal institutions typically require applicants to provide a payslip and have bank accounts. This has two major effects: firstly it means that there is a substantial gulf between credit available to the formal employed and the informal employed or unemployed. This means that the majority of Swazis have limited or no access to formal credit, whilst the relatively small number of formally employed Swazis have access to credit from multiple sources all targeting this one small group of formally employed.

3.2.1.1. Eligibility

45. Eligibility requirements are one of the biggest barriers to financial services experienced by the Swazi, especially so for formal credit. For instance, banks often require confirmation of employment, proof of address or a title deed. Yet, according to MAP Swaziland 2014:

- Only around 20 percent of the adult population is formally employed or can prove their address; and,
- Only 10 percent has a title deed.

3.2.1.2. Affordability

46. Swazis tend to borrow informally at much higher interest rates than would apply in the formal sector. The generally low incomes of the majority mean that affordability is an important consideration. Furthermore, high bank charges were mentioned by MAP 2014 respondents as a barrier for savings and transaction products.

3.2.2. Usage Barriers

47. Financial capability. The lack of understanding of formal financial products and processes serves as a usage barrier. Respondents do not seem to realise or take advantage of the benefits offered by formal financial products.

3.2.2.1. Trust

48. Formal financial institutions are regarded with suspicion, though trusted to keep money safe. MAP survey respondents feel that banks are not honest and steal from customers under the pretext of service charges. Despite the mistrust with regard to bank charges, FinScope Swaziland 2014 shows that consumers tend to trust banks more than any

alternative to keep their money safe. When asked what they would do if they were to receive a large sum of money that they did not spend immediately.

3.2.2.2. “Banks are not for me”

49. Most respondents felt that they were not the target market for formal financial institutions. They perceive banks to serve mainly the affluent or those with a formal job.

3.3. Targeting

50. Not all Swazis face the same realities or have the same needs. We have segmented the adults into these segments.

Table 1: Target Market Segmentation and Identified Needs

Segment	Identified Needs
Salaried workers 20.6 %	Civil servants and company employees are not the primary target market for financial inclusion as they are already relatively well-served. However, they play a significant role in supporting others, a role which can be facilitated through effective remittance channels.
Informal employees 5.4%	Informal employees will benefit from credit or savings vehicles to purchase assets or make home improvements, as well as for education. Like most other segments, they would benefit from more efficient ways to transact, as well as from insurance.
Self employed 13.1%	Have a need for access to finance for assets and education, but the nature of their livelihoods suggests that a way to efficiently and cost-effectively transact as well as targeted savings may be even more pertinent needs.
Irregular earners 18.8%	Strongest financial service needs are to mitigate risks and to store irregular earnings safely.
Private dependents 29.8%	They need an efficient and accessible way to receive their money from others and store it. They are not directly viable as insurance policyholders, but could be covered by virtue of a policy held by those supporting them.
State dependents 6.7%	State dependents are unlikely to need asset or productive finance, but as many elderly are responsible for grandchildren due to societal health problems, they are likely to value savings and credit products aimed at financing education.
Swazis in the diaspora (%)	Need for low-cost cross-border remittance options that are accessible in the sending country as well as for recipients in Swaziland. They may find a financial service (such as a savings endowment or insurance policy) that allows them to make contributions on behalf of family members attractive. This would require an accessible, low-cost cross-border payment mechanism.

Segment

Identified Needs

Though not directly the target market for financial inclusion in Swaziland and not part of the adult population analysed by FinScope, they are important enablers for those that they support and must therefore be taken into account when devising strategic imperatives for inclusion in Swaziland.

3.3.1. Rural Phenomenom

51. The World Bank Report (2014) states that the urban population in Swaziland accounted for 21.3% of the total population, whilst the rural population was 78.7%. The Swaziland Household Income & Expenditure Survey (SHIES) Report for 2010 indicated that 63% of the population lived in poverty and 85% of the rural population is poor. The FinScope Swaziland (2014) established that rural residents are twice likely to be financially excluded compared to their urban counterparts.

3.3.2. MSME Finance

52. The NDS emphasizes the need to promote the development of the MSME sector to better contribute to macro-economic development. The Doing Business Report (2012) identified that the major constraints for business start-up in Swaziland were access to finance, soft infrastructure (telecommunication, internet, etc.) and the inefficient government bureaucracy. This was affirmed by the UNDP (2012) which when assessing the state of youth entrepreneurship in the country established that 84% of the respondents reported that access to finance was a major barrier to entrepreneurship development.
53. The FinScope Swaziland 2014 highlights that only 7 per cent of the adult population have access to a bank loan. The UNDP Swaziland (2012) study on youth entrepreneurship that only 8 per cent of the MSMEs had access to a bank loan and a significant 57 per cent had to rely on friends and family members to start their businesses. It was estimated that the sector accounts for 5 per cent of the total employment in the country.

3.3.3. Entrepreneurs

54. The NFIS will support the development of an entrepreneur scorecard system to facilitate the screening and profiling of the entrepreneurship acumen. Conduct

business cluster surveys for key potential entrepreneurial activities to provide production, profitability and market opportunities information to improve business decision-making. Promote and encourage the community savings mobilization to meet household needs and business start-up through conducting financial education programs on personal financial management, savings & investment and entrepreneurship.

3.3.4. Agriculture Finance

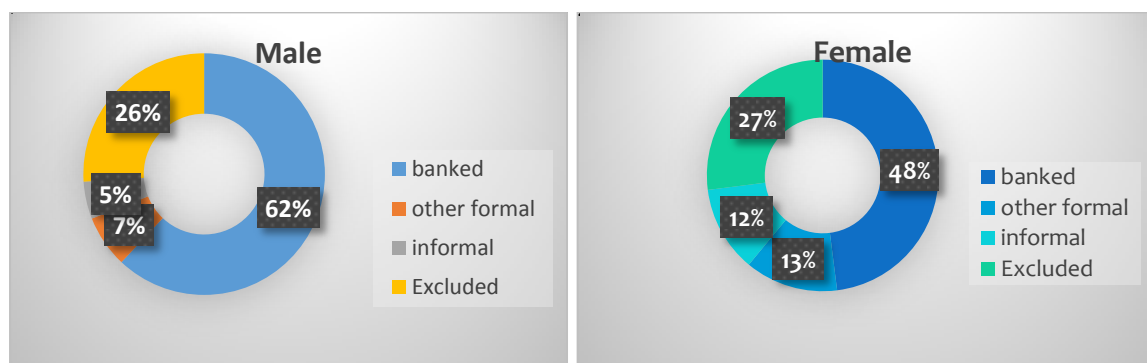
55. The significant role of agriculture to economic development can be underscored as 66 percent of the households are involved in farming (FinScope Swaziland, 2014). The Financial Inclusion Strategy will promote appropriate and affordable financial services and products such as the E-money to transact and the value chain finance to enable the farmers to have timely access to farm inputs and receipts from the sale of their produce. Support the relevant agencies to develop mechanisms that will screen and score commercially-oriented farmers to link them to markets and finance.
56. The proportion of the adult population that is formally financially included in the rural area is 57%, hence lower than the national level at 65%. Given the rural phenomenon of the poverty in Swaziland, it is imperative to support mechanisms that will help integrate the population into mainstream economic activity, such as the development of vibrant and meaningful micro-enterprise small-holder farming programs.

3.3.5. Women Finance

57. The women in the country account for 55 per cent of the adult population hence making them a significant group for consideration. Although the Constitution of the country elevated the status of the women to eliminate previous tendencies of discrimination, such as the registration of the property under the women and access to land through "khonta," there is still a need to address vulnerabilities for this group.
58. The MAP (2014) indicated that women in the country tend to be more entrepreneurial whilst men go out to look for jobs. This is manifested by the high

level of women participation in community-based income generating projects compared to women.

Figure 3: Financial Inclusion for Swaziland by Gender



59. The same Study established that 72 per cent of the women that were self-employed and that the average monthly salary was E719, which was lower than the wage for formal employees at E791. Only 61% of the women were formally financially included compared to 69% for men.

3.4. **Priorities**

60. As indicated in the proposed policy goal, in addition to the underlying development of alternative delivery channels, the roadmap proposes five immediate and urgent priorities to support, namely the following:

- Establish the co-ordination agency for financial inclusion;
- Growth in e-money to transact and save;
- Low cost remittances to support vulnerable dependents;
- Expand insurance to better manage impact of risks;
- Deepening bank reach; and,
- Expand productive credit and protect consumers.

61. Selected cross cutting regulatory interventions have also been proposed in order to create an enabling environment. These priority areas of action have been identified based on the most urgent customer needs and potential impact identified in the MAP research, and will be implemented as part of a national financial inclusion policy and strategy.

62. Other ongoing financial inclusion initiatives will be aligned to the identified priorities, for example the development of the Financial Sector Development Implementation Plan (FSDIP). This will ensure that synergies are exploited and duplication avoided in line with the Paris Declaration for Aid Effectiveness.

CHAPTER 4 – Related National Legislation

63. The financial services landscape is governed by two authorities: the Central Bank and the Financial Services Regulatory Authority (FSRA). Broadly, the Central Bank governs banks and FSRA governs the non-bank institutions.

4.1. Financial Institutions Act, No. 6 of 2005

64. The Central Bank of Swaziland under the Public Enterprises Act, 1989 regulates and supervises all financial institutions. The Financial Institutions Act, No. 6 of 2005 stipulates that on the licensing of the financial institutions that would operate as banks, the prudential requirements for the bank and the role of the Central Bank for oversight on the operation of these institutions.

4.2. Central Bank Order, 1974

65. The Central Bank Order, 1974 as amended (CBS Order) mandates the Central Bank of Swaziland (CBS) to formulate monetary policy and promote financial stability, issue and redeem currency and securities, hold foreign exchange reserves and to formulate foreign exchange policy and intervene in foreign currency markets.

66. Within the domestic financial sector, the CBS is mandated to promote, regulate and supervise the national payment system and to supervise banks, credit institutions and other financial institutions.

4.3. National Clearing and Settlement Systems Act, 2011

67. The National Clearing and Settlement Systems Act, 2011 (NCSS Act) sets formal requirements for the recognition, supervision and control of clearing and settlement systems, and prohibits the operation of unrecognised systems. The Act aligns well with BIS core principles for systemically important payment systems and the responsibilities of central banks in applying the core principles. The Act places the national regulations in line with regional and international standards and therefore opens up possibilities for future interoperability which would be not possible without common operational standards, equivalent definitions and risk mitigation frameworks.

4.4. e-Money Regulation

68. The Central bank of Swaziland adopted Minimum Standards for Electronic Payment Schemes (MSEPS) in September 2010, cognisant of the need to develop viable alternatives to cash whilst providing suitable risk mitigated electronic payment options for those with no or limited access to financial services.
69. MSEPS stipulates inter alia the following requirements for e-Money schemes:
- Stable and risk-mitigated systems and processes based on international best practice with specific reference to standards that support international interoperability between electronic switches for ATMs, cards, terminals, related devices and software;
 - Open systems capable of becoming interoperable with other electronic payment systems based on compliance with the minimum international acceptable standards;
 - Systems capable of wide geographic outreach;
 - Enforceable legal framework including finality of payments; and,
 - Pricing policies appropriate for the affordability of the market

4.5. Financial Services Regulatory Act, No. 2 of 2010

70. The Financial Services Regulatory Authority (FSRA) established by the Financial Services Regulatory Act, No. 2 of 2010, is located under the Ministry of Finance. It regulates various sub-sectors, which are mainly divided into:
- Insurance and Retirement Funds;
 - Capital Market Institutions; and,
 - Credit and Savings Institutions.

4.6. The Insurance Act, 2005

71. The Insurance Act, 2005 (Insurance Act) created the Office of the Registrar of Insurance and Retirement Funds (RIRF) in Swaziland and together with The Insurance Regulations, 2008, issued in terms of Section 118 of the Insurance Act, form the regulatory framework for long term and short term insurance, brokers

and intermediaries. The framework is designed for context – maintaining a balance between necessary complexity and practicality in a small and developing market.

4.7. Money Laundering and Financing of terrorism Prevention Act, 2011

72. The definition of an “accountable institution” in terms of the Money Laundering and Financing of Terrorism (Prevention) Act, 2011 (MLFTP Act) is cast very wide and includes banks, insurers, investment brokers and traders, fund managers, legal practitioners, real estate businesses, trust and nominee services, and precious metal dealers.

4.8. The Retirement Funds Act, 2005

73. The Registrar appointed in terms of the Insurance Act, 2005, also acts as registrar for retirement funds in Swaziland. The Retirement Funds Act, 2005 and the Retirement Fund Regulations, 2008 apply only to private retirement funds, which are not permitted to perform any additional type of business.

4.9. The Securities Act, 2010

74. Security exchanges are regulated under the FSRA. In the context of the size and complexity of the Swaziland economy, the Securities Act, 2010 provides for a sound regulatory framework with effective oversight. The Swaziland Stock Exchange (SSX) remains undeveloped with few counters of relatively illiquid securities.

4.10. Small Medium Enterprise Policy of 2005

75. This policy sets out the vision, intention and policy on SME development in Swaziland. It aims to encourage Swazi ownership of small and medium enterprises, improve employment and increase foreign investment. The SME Unit was established in line with this policy to ensure inter alia its implementation and the policy advocates for the formation of a legal and regulatory framework for microfinance.

4.11. Micro Finance Policy

76. The Microfinance Policy outlines the principles for improving Government's commitment toward improving the microfinance sector by fostering a conducive environment for growth. This policy will achieve this through the following:

- Financial Inclusion;
- Mainstreaming Microfinance into Development;
- Poverty Reduction and Improvement of Livelihoods;
- Stakeholder Participation and Collaboration; and,
- Awareness Creation, Education and Capacity Building.

4.12. Citizens Economic Empowerment Bill

77. The Citizens Economic Empowerment Bill, 2011 No 23 of 2012 aims to establish a Citizens Economic Empowerment Board, to promote the economic empowerment of targeted citizens and companies, promote gender equality, encourage an increase in broad-based effective ownership and meaningful participation of a targeted citizen, promote equal opportunities for all as well as to harmonise existing organisations responsible for economic empowerment, etc.

4.13. The Consumer Credit Bill, 2013

78. The Consumer Credit Bill, 2013 (Credit Bill) is very deftly drafted and seeks to balance the detail and complexity required to regulate all commercial credit with the requirements of a small market.

79. A key element of the Bill is the introduction of provisions for the regulation of credit bureaux and coupled with that, the introduction of debt counselling. The introduction of controls on interest rates, fees and charges will take some time to implement. Controls in the form of capping of rates and credit related charges both in terms of maximum rates and the total quantum of allowable charges similar to the in duplum common law rule are envisaged to be promulgated by means of regulation from time to time.

4.14. Cooperative Societies Act of 2003

80. The objective of this legislation is to empower the development of the local communities to participate in economic development through the promotion of the co-operative movement. The legislation provides the role of the Commissioner to support the mobilization and registration of the co-operatives and the provision of capacity building to improve the effectiveness of these groups.

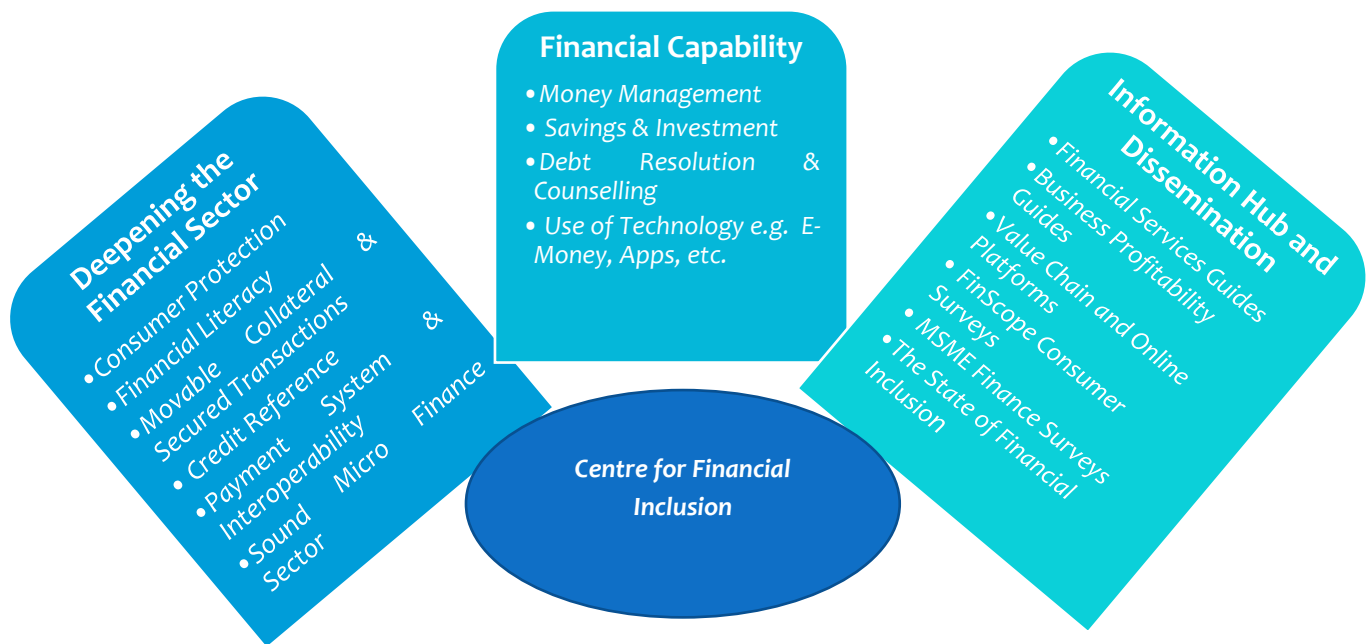
CHAPTER 5 – Implementation Framework

5.1. Specific Strategies To Implement The Objectives and Meet Targets

81. The MAP Swaziland Roadmap 2014 provides the detail on the specific strategic objectives that the stakeholders endorsed to pursue under the financial inclusion agenda for the country. The implementation of the agenda should deepen the financial sector and accelerate the volatility of money to impact on economic growth and economic development, hence reducing poverty. This should make it easier, timely and affordable for the bottom-of-the pyramid population and the MSMEs to transact and convert assets to money to meet their needs
82. The following are specific strategies that will be implemented by the Financial Inclusion Strategy:

5.1.1. Co-ordinating Agency for Financial Inclusion

83. The Micro Finance Unit (MFU) has been set up under the authority of the Ministry of Finance. Part of its mandate is to drive financial inclusion through the implementation of a Rural Finance and Enterprise Development Programme. If the above priorities are to be achieved, then the MFU would need to put more efforts in financial inclusion by becoming the Financial Inclusion Agency (FIA).
84. The FIA will bridge the gap between the regulators, financial service providers, the MSMEs and the consumers, particularly the vulnerable households through facilitating access to relevant financial and business information to improve access to financial services and contribute to poverty alleviation. This will further collaborate with all the key actors to maintain financial stability, an all-inclusive financial system, financial capability and enhance consumer protection.



5.1.2. Growth in e-money to transact and save

85. Amongst the five priorities the most crucial is the need to grow mobile money and more generally electronic money (e-money) to enable more effective savings and payments products. Currently, cash and savings at home are often used but these are unsecure and inefficient, while group savings come with the pressure to share group savings.

86. Banks are a suitable solution but they are expensive for small values and present eligibility and doorstep barriers for the poor. Mobile money is therefore ideal as it overcomes these challenges.

Item	Description
Welfare impact	<p>Direct – through cheap and flexible transaction and savings products</p> <p>Indirect – cheaper transaction costs can assist SMME growth and facilitate access to services such as insurance that require regular payments</p>
Size of opportunity	~350,000 adults for transactions and savings
Benefits of mobile money	<ul style="list-style-type: none"> • Affordable • Greater potential for rural reach than banking sector • Limited eligibility constraints • More secure than cash • Convenient
Main challenges	<ul style="list-style-type: none"> • Illiquidity of agents • Unfamiliarity of consumers and limited trust in technology • E4,000 personal transaction cap

Item	Description
Potential actions to realise opportunity	<ul style="list-style-type: none"> • Inconsistency of access
	<ul style="list-style-type: none"> • Support environment for MTN to invest in mobile money • Enable an ecosystem of goods and services that can be purchased with mobile money • Explore potential for distribution of grants via mobile money • Allow interest payments on the mobile money float and on mobile money accounts • Develop products appropriate to the needs of informal savings groups • Conduct further targeted research to better understand the key barriers and opportunities to extend E-money usage. • Enable the transaction history from individuals' mobile money accounts to be used as a basis for credit extension by other providers • Explore the potential to transfer funds from bank accounts into mobile money accounts

5.1.3. *Low cost remittances to support vulnerable dependents*

87. Remittances are a major source of income for many, and there is a need for alternative mechanisms for domestic and cross border remittances to support vulnerable dependent groups. Almost half of Swazi adults rely on each other for remittance income, mainly through informal channels. Some of the key barriers to formal services include the transaction costs and a limited awareness of alternatives.

88. The size of the private and state dependent target markets means that finding ways of enabling them to efficiently and cost-effectively receive money from family and friends will be an important financial inclusion strategy.

Item	Description
Welfare impact	<p>Direct – Through cheaper and more efficient remittance channels.</p> <p>Indirect – Increased cross border remittances and investment can have a multiplier effect on domestic consumption and growth.</p>
Size of opportunity	<p>~80,000 cross border</p> <p>~200,000 domestic</p>
Potential providers	<ul style="list-style-type: none"> • MTN Mobile money for cross-border and increased use domestically. • Retailer provision of remittances. • Banks through affordable and specifically targeted products and partnership with alternative distributors.

Item	Description
Main challenges	<ul style="list-style-type: none"> • Regulatory restrictions on alternative providers. • Liquidity constraints for mobile money agents. • Affordability (particularly through banks).
Potential actions to realise opportunity	<ul style="list-style-type: none"> • Targeted marketing and product design strategies to facilitate use of bank accounts for remittance purposes. • Allow a broader range of cross-border and domestic remittance channels, including retailers. • Consider ways of reducing the costs of formal remittances, including access through bank agents or through mobile products launched by banks such as FNB's eWallet. • Expand product options specifically targeted at remittance senders and receivers and then marketing it as such. • Explore partnerships with retailers and other agents to extend reach and overcome doorstep.

5.1.4. *Expand insurance to better manage impact of risks*

89. There is significant need to expand insurance given the high vulnerability of the Swazi. With collective mechanisms becoming exhausted, credit and savings are being used as alternatives. A substantial need across segments to manage the impact of risks illustrate that insurance in Swaziland offers better value as a risk coping strategy than informal credit. By allowing more cost-effective financial management of risks, insurance can have a direct welfare benefit for those that it serves.

Item	Description
Welfare impact	Direct – through better risk coping
Size of opportunity	~200,000 policy-holders (more lives covered through family cover)
Highest-impact products (ranked in order of importance)	<ol style="list-style-type: none"> 1. Life: funeral and beyond. 2. Insurance with a health trigger other than comprehensive medical aid (plus medical aid potential among the formally employed). 3. Vehicle insurance. 4. For dependents and remittance receivers: product designed for breadwinner to pay premium on behalf of policyholder.
Main challenges	<ul style="list-style-type: none"> • Distribution and premium collection. • Low and irregular incomes, as well as negative perceptions among the target market • Lack of awareness on the available products and their benefits
Potential actions to realise opportunity	<ul style="list-style-type: none"> • Distribution innovation targeting viable aggregators • Low cost, simple sum assured products beyond funeral • Regulatory tweaks to ensure accessibility • Use of mobile money for payment to reduce transaction cost • Understand specific target market needs for different products

Item**Description**

- and what perceptions drive behaviour
- Consider how product features can speak to target market realities such as extended families and irregular incomes
 - Expand suitable product suite to include small-value sum assured cover towards expenses triggered by a health event, income protection and low-cost asset cover
 - Build on the current broker and agent distribution channels to increasingly reach out via group structures and aggregators like banks and SACCOs.
 - Explore the potential of distributing insurance through agricultural value chains
 - Explore alternative premium collection methods to payroll or debit orders

5.1.5. Deepening bank reach

90. Deepening bank usage has been prioritised given that banks have the broadest penetration of any provider. Whilst trusted, banks are perceived to be expensive, confusing and “not for me.” Nevertheless, Banks have a widespread distribution footprint that is accessible for most Swazis for larger transactions if not for regular payments. The largest opportunity therefore lies with banks

91. The solution will lie in reducing the complexity of bank costs, addressing doorstep barriers and improving value to consumers. High in priority include more proactively analysing data and talking to clients to tailor approach—and reducing costs through proactive regulation. Finalise and implement microinsurance regulations; reconsider KYC requirements for insurance, building on the threshold exemption precedent set in the banking environment; to develop a streamlined, facilitative framework for medical schemes; as well as to consider allowing a policy initiation fee as part of the commission structure.

Item**Description****Welfare impact**

Direct – Through reduced transaction costs and improved risk mitigation from flexible transaction and savings products

Indirect – Through access to goods and services, including insurance, and increased accumulation of capital which can reduce costs for banks and in turn passed on to consumers

Size of opportunity

~200,000 existing customers
~30,000 potential customers

Item	Description
Benefits of deepened reach	<ul style="list-style-type: none"> • Security of savings and remittances from self and theft • Privacy of savings • Regularity of income (remittances) • Improved convenience and reduced transaction cost
Main challenges	<ul style="list-style-type: none"> • Limited awareness of bank products and terms, door-step barrier • Eligibility requirements • Transaction costs to customers relative to small balances • High cost to banks to serve target markets in branch
Potential actions to realise opportunity	<ul style="list-style-type: none"> • Incentives and increased communication to increase transaction volumes and balances • Use of agent and mobile banking to extend to more people • Leverage non-bank infrastructure to overcome doorstep barriers, increase use and reduce costs • Consider second tier banking licenses to encourage entry and innovation. • Consider regulation to enable agency, such as partnerships with retailers for remittances • Mine data to understand low income clients • Expand technology/mobile offerings • Employ SMS communication as confirmation and encouragement

5.1.6. Expand productive credit and protect consumers.

92. Formal credit take-up is low outside of the civil servant and company employee target markets and credit is unlikely to be a primary avenue for extending financial inclusion at scale. Key challenges to be addressed are therefore to ensure improved coordination and re-capitalization for Development Credit Providers (DCPs) to address the MSME market. Nevertheless, there are a number of opportunities for improving the working of the credit market to formalise and extend reach and better protect consumers.

93. These are not the only opportunities for enhanced financial inclusion. Goal-oriented products such as savings sub-wallets for specific goals to encourage saving can also be implemented by SACCOs and the Building Society and the role and capacity of accumulating or rotating savings groups in providing a

community-level savings and credit option can be enhanced. These strategies are likely to have the most far-reaching impact on financial inclusion, given the nature of the target markets.

94. The Strategy objective implicit in these various initiatives is that the provision of financial services, particularly to the excluded, has the potential to reduce vulnerability and increase income in the wider economy, thereby impacting on poverty reduction, employment and growth and, ultimately, enhancing welfare. Enhance market conduct regulation to improve transparency in the formal sector and protect consumers against abuses in the informal sector is likely to be the most important intervention in the credit market.

Item	Description
Welfare impact	<p>Direct – through reduced transaction costs with more transparent choices in cost of credit, improved access to formal loans can reduce cost of credit compared to informal, reduced vulnerability through unauthorised access to bank account when ATM and pins are used by moneylenders.</p> <p>Indirect –improved transparency in cost of credit can increase competition and reduce overall formal cost of credit.</p>
Size of opportunity	~90,000 consumers
Benefits of getting credit basics right	<ul style="list-style-type: none"> • Lower cost of credit. • Access to financial products & services information. • Enhanced consumer protection.
Main challenges	<ul style="list-style-type: none"> • High default rates, need for small value flexible loans increase risk and cost. • Consumer protection concerns. • Lack of comprehensive credit reporting systems. • Fragmented SMME support mechanisms.
Actions to realise opportunity	<ul style="list-style-type: none"> • Implementing consumer protection measures. • Increasing interest rate cap. • Provide comprehensive credit reporting systems. • Strengthen, recapitalise and coordinate state-supported development credit providers, allow the credit guarantee scheme to earn interest and encourage private sector investment.

Item**Description**

- Consumer protection measures to improve transparency of full costs and terms of credit and reduce consumer abuses in the informal credit sector.
- Explore alternative credit evaluation methods including mobile money transaction history.
- Support initiatives to promote savings groups as alternative to informal moneylenders.
- Establish a broader policy intervention that focuses on the fundamentals of MSME development.

5.2. Regulation and Licensing

95. The new Consumer Credit Bill (2015) creates an explicit and comprehensive legislative framework for the regulation and monitoring of the provision of credit in Swaziland. A primary focus of the bill is consumer protection and improved market conduct by providers. The UNDP Swaziland (2012) study on youth entrepreneurship indicated that only 8 per cent of the entrepreneurs received bank loans for their businesses, whilst 57 per cent obtained money from friends and relatives to start businesses. The Investor Road Map (2013) had a target that 50 per cent of interviewed entrepreneurs should report to have had access to credit.

5.3. Promote the use of technology

96. The e-Money regulations issued by the CBS indicate deep insight into the scope and role of electronic transactionality as a means of bridging the exclusionary gap and thereby fulfilling a role neither sought after by, nor viable to, traditional financial institutions. Improve access to affordable financial services beyond the current conventional services to also include those without access to bank services. According to FinScope Swaziland (2014), 27 per cent of the population are totally excluded and 49 per cent use informal mechanisms for savings.

5.4. Awareness creation and capacity building

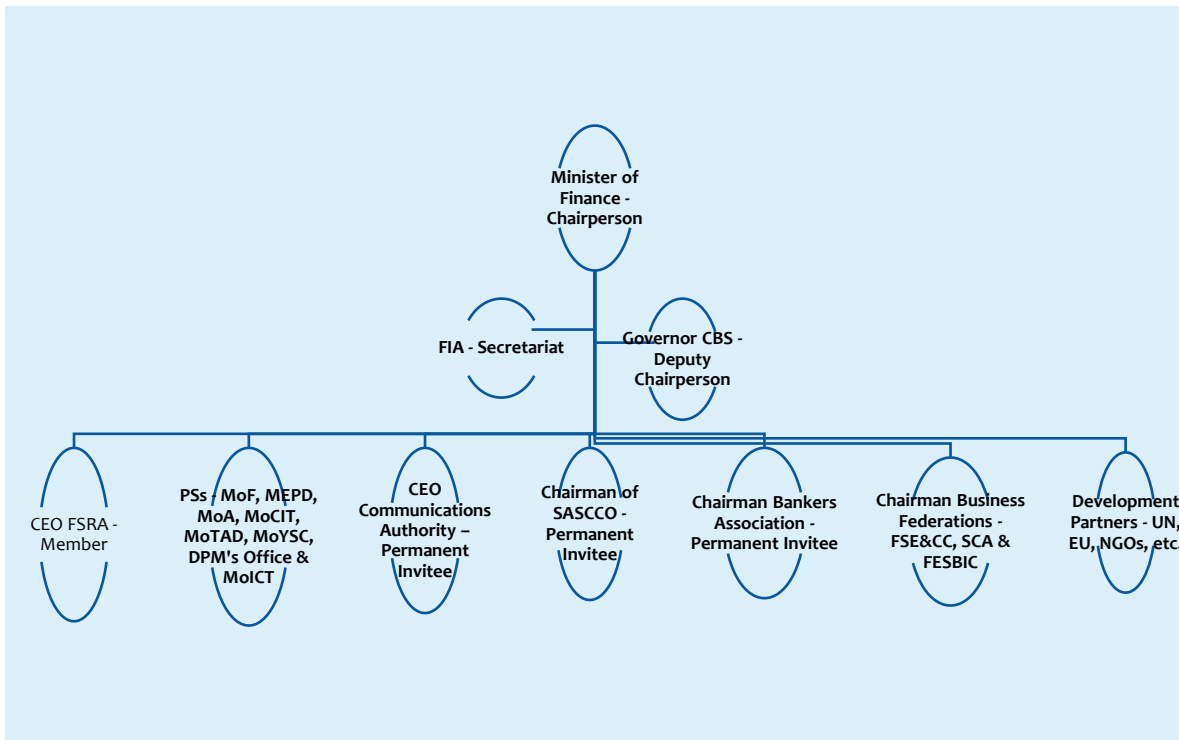
97. Facilitate the development of an effective communication framework for microfinance information including dissemination. Support microfinance awareness raising programs or initiatives and promote wide stakeholder and

public participation in the implementation of such initiatives. Strengthen the capacity of regulators, practitioners, and beneficiaries of microfinance initiatives. Promote sound microfinance practice by advocating professionalism, transparency and good governance in microfinance institutions and improve industry information on disbursement of funds and exposure to particular clients and sectors.

CHAPTER 6 - Guidelines for the Implementation

6.1. Institutional Framework for the Strategy

98. Implementation of the NFIS will be driven by the FIA and work very closely with the Financial Inclusion Co-ordination Council and the Technical Committee in line with the Financial Sector Development Implementation Plan (FSDIP).



99. The Co-ordination will assume responsibility for coordination and ensuring that all the actors mentioned in the NFIS fulfill their responsibilities. In addition, the FIA under the FIPF will participate in actions linked to information, education of the public and the protection of consumers of financial services and products.
100. Conduct studies to enable greater financial inclusion, such as the the use of liquidity by banks and MNFIS and demand for financial services. Draw-up and introduce mechanisms for channeling liquidity of MNFIS into rural credit. Encourage the extension of NFIS to small entrepreneurs and the creation of specialized ones. Follow-up on the recommendations from the Ease of Doing Business with regards to SME and agriculture finance.
101. There will be a Technical Committee comprising of the MoF, CBS, FSRA and the Financial Inclusion Co-ordinating Agency that will implement and monitor

the National Financial Inclusion Strategy. The Committee will also liaise with the other key partners such as the private sector, government agencies and the NGOs. Develop and present to the Council reports on the impact of the Financial Inclusion Agenda. These will be supported by Technical Task Teams comprising of the relevant stakeholders to provide technical advice on the key issues to the TC.

6.2. Roles and Responsibilities of other stakeholders

102. The CBS and FSRA will each promote financial inclusion within their specific mandate. A number of institutions are being regulated and supervised by these authorities and they have different approaches in carrying-out their mandates. Ensure the buy-in and internalization of the implementation of the NFIS even to the regulated entities.

6.2.1. The Ministry of Finance

103. Support the development of an appropriate policy and legislative environment that will promote an all-inclusive financial system. Facilitate an effective co-ordination and targeting of all government-supported funding mechanisms for development, particularly entrepreneurs, to ensure sustainability and complementarities with the mainstream financial sector. Contribute resources towards the operation of the FIA to monitor the implementation of the NFIS.

6.2.2. Micro Finance Unit

104. The transformation of the MFU to the Financial Inclusion Agency (FIA) is a way of implementing the Financial Inclusion Agenda for the country to improve the contribution of the financial sector to the socio-economic livelihoods particularly for the micro, small & medium enterprises (MSMEs) and the un-banked segment of the population.

105. The provision of credit to the private sector in the country has continued to be less than 20% of GDP, and the situation is worse for the Micro, Small & Medium Enterprises (MSMEs). The FIA will build-upon the good foundation that has been established through the IFAD supported Rural Finance & Enterprise Development Programme (RFEDP) which should come to an end in September 2016. The FIA

will be responsible for co-ordinating all the financial inclusion agenda, facilitating policy and legislative reform, developing financial demand side information and monitoring the impact of the financial inclusion.

6.2.3. Central Bank of Swaziland (CBS)

106. In the context of financial inclusion, the Central Bank of Swaziland will support a suitable legal framework and its implementation with respect to the NFIS through:

- Alignment with the overall legal and regulatory framework, in particular protection of consumers of financial services and products and supporting access and utilization of financial services & products while ensure the sustainability of the financial sector;
- Educate the staff and clientele of financial services providers on the the protection of consumers of financial services and products and participate in financial education programs;
- Participate in studies aimed at enabling bank reach;
- Improve access to low cost savings and payment products as a key focus area given target market needs, including the following;
 - Development of a strategy to enable Mobile Money as transaction and saving product.
 - Enable innovation in distribution by developing a framework that explicitly encourages agency relationships between banks and non-banks, most notably retailers and MTN.
- Facilitate formal remittances by allowing non-banks to play in the remittance space;
 - Retailers and mobile money providers are well positioned to offer domestic and cross border remittances.
 - They can do so more cheaply than banks and offer convenience in terms of functional proximity and speed of transfer to customers.
- Develop a framework to obtain targeted information across providers to include financial inclusion indicators.

6.2.4. Financial Services Regulatory Authority (FSRA)

107. Coordinate with the Central Bank to put appropriate transitional arrangements in place, and then communicate the outcome to the market. The following are the key issues:

- The regulations for entities currently operating without prudential supervision should be finalised. Further investigation is needed of governance concerns with informal savings groups to inform whether it would be desirable and viable to regulate groups beyond a certain size.
- Create the Financial Services Ombudsman allowed for under the FSRA Act. Require institutions to create and disclose internal complaints mechanisms. Coordination will be required between FSRA and the Central Bank.
- Address microinsurance as well as fine-tune the insurance framework to facilitate market opportunities. The regulatory framework and the corresponding supervision and compliance burden should be proportionate to the small size of the market.
- Introduce an exemption threshold for AML/CFT “know your customer” (KYC) requirements for insurance. KYC requirements are currently not strictly enforced in the insurance market but, if enforced, would serve as substantial access barrier.
- Apply inclusion lens when finalising credit framework.

6.2.5. Ministry of Commerce, Industry and Trade

108. Although data not available, it is estimated that the SME sector accounts for 5 per cent of the total employment in the country. There is a need to support the development of an enabling policy environment for the MSME business start-up and growth, as well as align with finance. Develop and implement a Masterplan that will monitor the impact and the contribution of the sector to the macro-economic indicators.

109. The co-operative department promotes the economic development of the people of Swaziland through capital formation by encouraging sustainable management of cooperative enterprises. The department supports and facilitates the development of Cooperative Societies through promotion,

business training and observation and the department shall contribute to the vision and co-ordination of micro-enterprises as well as their development.

6.2.6. Ministry of Education and Training

110. With regard to the objectives of the NFIS, the responsibilities of this ministry will be to support the integration and implementation of the financial education within the network of educational institutions. Contribute in the definition of the objectives and suitable mechanisms to deliver financial education programs through the educational system.

6.2.7. Ministry of Sports, Culture and Youth Affairs

111. Rationalise the integration of the youth activities with regards to access to finance. Support the implementation of financial education programs and the creation of awareness on the financial opportunities for the youth. In collaboration with the MoF, the financial institutions and the regulators support the creation of appropriate financial products and services for the target group through creating the capacity for the youth and the support of enterprises that will provide meaningful return to the beneficiaries.

6.2.8. Ministry of Tinkhundla Administration and Regional Development

112. This ministry will support the implementation of the NFIS by facilitating coordination of development in all the country's constituencies, mainly with regard to matching rural structures with financial institutions. Contribute in the monitoring of the impact of the financial inclusion to sustainable livelihoods. Support the integration of the NFIS actions in the broader community development initiatives at the grass-root level.
113. Support the creation of links between informal savings and credit associations and MFIS, stimulate discussion and partnerships among MFIs, producers and their representatives at the communal level and introduce joint action mechanisms at the Tinkhundla level working with the FIA for financing of value chains.

6.2.9. Ministry of Agriculture

114. Support the development of a more structured agriculture, particularly smallholder, that will respond to commercial need through promoting appropriate financial mechanisms such as the value chain financing. Provide

technical support to enable the formation of effective producer groups with the capacity to inform product development and engage with market developments.

6.2.10. Private Sector Actors

115. Specific roles are attributed to institutions in the financial sector. Moreover, they participate in activities that concern all other stakeholders in this sector, notably in the implementation of the financial education programs and the feasibility studies on a subsidy mechanism for interest rates and guarantees for agricultural credit facilities.
116. Participate in studies for setting up a structure to integrate the financing of agricultural development. Participate in the validation of legislation and regulatory issues as well as consultative workshops related to the financial inclusion agenda.

6.2.11. Microfinance institutions (MFI) and Savings and Credit Co-operatives

117. The development of the micro finance sector would help improve access to finance for the micro and small businesses. The local micro finance sector is still at an infant stage comprising of 3 providers (Inhlanyelo Fund, Imbita Women Finance Trust and SWEET) and covering only 3 per cent of the adult population. As indicated earlier, the local micro finance providers suffer from high rate of non-repayment and are under-capitalization.
118. The MFU in 2014 finalized the development of the Micro Finance Policy and this will be submitted to Cabinet. The Policy will define the micro finance activities, provide institutional capacity to the service providers and a clearinghouse for all new investment into the local micro finance sector, as well as a Microfinance Funding Agency (MFA) to recapitalize illiquid and yet solvent micro finance providers and intermediaries to increase their coverage. The intention is to improve the cost of production for the micro finance providers to improve their viability and sustainability and provide the resources to address the high demand for the financial services.
119. The MFIS should ensure better coverage of the country and offering adapted financial products and services the opening of access points in the underserved

tinkhundla, improving the credit conditions and offering appropriate financial products and services. Implement the recommendations concerning the protection of consumers of financial services and products, as well as professionalize and modernize their institutions.

120. Participate in the development of transfers and payment services via mobile phone. Undertake discussions with informal associations of savings and credit and actors in the agricultural value chains and collaborate communication efforts on financial education.

6.2.12. Commercial banks

121. The NFIS proposes the following mechanisms to commercial banks to enable greater financial inclusion:

- Ensure better coverage of the country (develop agent banking networks, ATMs)
- Improve conditions for access to savings accounts and credit
- Develop financial products and services adapted to specific clienteles (savings, small entrepreneurs)
- Develop approaches and specialized financial products and services for small entrepreneurs (specialized windows/desks)
- Implement recommendations concerning the protection of consumers of financial services and products
- Participate in communication efforts for financial education
- Participate in the development of transfer and payment services via mobile phone
- Participate in existing guarantee funds and create new mechanisms for guarantees and advice for entrepreneurs.

6.2.13. Mobile telephone operators

122. Mobile telephony operators are called on to develop transfer and payment services via the mobile phone and financial access points in the rural areas.

CHAPTER 7 - Monitoring & Evaluation Framework

7.1. *verall Objective*

123. Create a stable, diversified, modern, and competitive financial system that provides quality, affordable and accessible financial services to all to support economic growth (FSDIP, 2015).

7.2. *Policy Goal*

124. Increase the depth of Financial Inclusion, growing the percent of adults with access to two or more formal products from 43% (FinScope 2014) to 75%, and reducing the excluded from 27% to 15%, by 2022 by growing mobile money and remittances, deepening bank reach, getting credit basics right, ensuring risk management products are available, and enabling alternative channels to serve the poor.

7.3. *Expected Outcome*

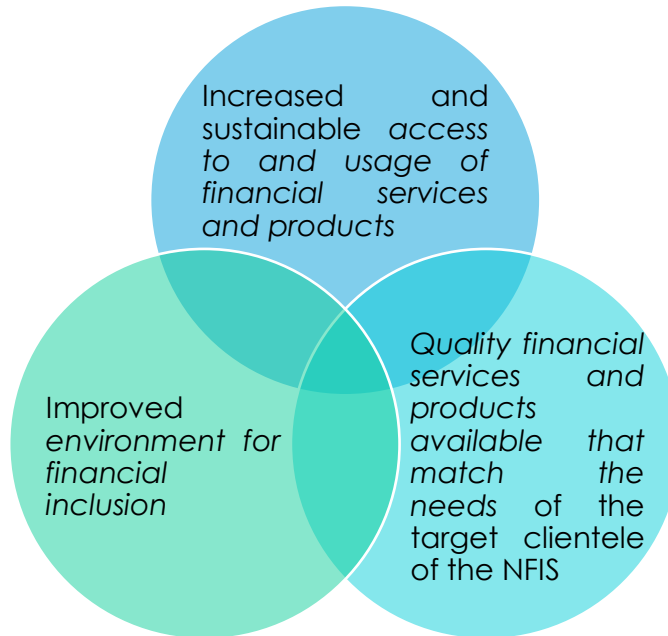
125. Ensure increased and permanent access to and usage of financial services and products by the population with conditions that favour access and usage.

7.4. *Implementation Strategy*

126. The country through the Ministry of Finance (MoF) is a member of the Alliance for Financial Inclusion (AFI), which is a global forum to promote the development of the financial inclusion agenda for developing countries to effectively contribute to poverty reduction. The MoF in collaboration with the Central Bank of Swaziland and the FSRA is coordinating the process of implementing the inclusive access to financial services.
127. This process has been re-enforced by the implementation of the Rural Finance and Enterprise Development Programme (RFEDP), co-funded by the Government of Swaziland and the International Fund for Agriculture Development (IFAD) to facilitate access to finance, and the currently finalized Financial Sector Development Implementation Plan (FSDIP) driven through the Central Bank to deepen the financial sector in the country.

7.4.1. Strategic Goals

128. The NFIS has 3 broad strategic goals that will guide the implementation of the strategy as illustrated in the figure below:



129. The following are the specific strategic goals:

7.4.1. Access to and usage of financial services and products

130. Ensure increased and sustainable access to and usage of financial services and products by the population and the MSME sector with conditions that encourage access and usage. This will require improved conditions for access to financial services and products through facilitating the development of access points for the under-served areas particularly through developing financial services and products using mobile phone and other technologies.

131. To enhance quality develop and implement the financial literacy and consumer protection framework to inform, educate and protect the public, the micro, small & medium enterprise and the in eneral target clientele of the NFIS. In collaboration with the private sector, establish infrastructure and systems that would reduce transaction cost and information asymmetry to enhance outreach and depth.

7.4.2. Quality financial services and products

132. Encourage the financial sector to make quality financial services and products available that match the needs of the target clientele of the NFIS through the following:

- Increase the level of savings and ensure security of deposits;
- Develop financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities;
- Develop approaches and financial products and services for women and youth;
- Develop approaches and financial products and services for micro and small entrepreneurs; and,
- Develop micro insurance products and services.

7.4.3. Improved environment for financial inclusion

133. Provide a legal framework for the financial sector that is adapted to financial inclusion through the following:

- Set up a regulatory framework for the protection of consumers of financial products and services;
- Adjustments to legislation, regulations, policies and mechanisms in areas related to the financial sector;
- Supervisory mechanisms for financial institutions adapted to the NFIS, in particular for innovations related to the distribution of financial services and products; and,
- Coordination and coherence with the national financial inclusion strategy.

7.5. Financial Inclusion Strategic Focus

7.5.1. Rural Finance

134. The World Bank Report (2014) states that the urban population in Swaziland accounted for 21.3% of the total population, whilst the rural population was 78.7%. The Swaziland Household Income & Expenditure Survey (SHIES) Report for 2010 indicated that 63% of the population lived in poverty and 85% of the rural population is poor. The FinScope Swaziland (2014) established that rural residents are twice likely to be financially excluded compared to their urban counterparts.

135. The NFIS will promote mechanisms such as E-money, agent and mobile banking to ensure that the extension of the financial services and products gets beyond the conventional brick and mortar establishments by the financial institutions. Support the financial literacy and consumer empowerment programs to empower the rural population to have information on the available financial services and products and their requisite benefits. Conduct demand-side surveys periodically to determine the access, utilization and quality of these services.

7.5.2. MSME Finance

136. The National Development Strategy (NDS) emphasizes the need to promote the development of the SMME sector to better contribute to macro-economic development. The Doing Business Report (2012) identified that the major constraints for business start-up in Swaziland were access to finance, soft infrastructure (telecommunication, internet, etc.) and the inefficient government bureaucracy. This was affirmed by the UNDP (2012) which when assessing the state of youth entrepreneurship in the country established that 84% of the respondents reported that access to finance was a major barrier to entrepreneurship development.

137. To improve access to finance for the MSMEs, the NFIS will collaborate with all the relevant actors for them to improve bankable projects, enhance business and financial management skills from the entrepreneurs and provide capacity to the financial institutions staff to extend to the MSMEs sector.

138. To address issues of imperfect information, which result to financial institutions opting for stringent mechanisms for loan approval, the NFIS will support the development of the credit registry for the sector to enable financial institutions to make timely decisions on loan approval. Develop the secured transactions and movable assets registry to address issues of collateral for the small businesses. Rationalise and improve the efficiency and sustainability of the guarantee scheme to help viable business start-ups for niche sectors that lack collateral.

7.5.3. Micro Finance

139. The micro finance sector in the country is still at an infancy stage, despite the critical role it plays to provide financial services for the low income groups and

the micro and small businesses. The IFAD (2011) established that the majority of the micro finance institutions were not financially sustainable and not adequately capitalised. These also suffered from poor portfolio quality.

140. The MFU has provided the capacity for these institutions to re-orient their business strategies to improve competitiveness, capacity building of the management teams and the development of management information systems to enable management to better monitor the quality of the portfolio and make timely decisions.

141. The NFIS will establish and operationalize the Micro Finance Policy to co-ordinate, provide the institutional capacity and as well as provide a re-capitalization facility for the micro finance sector to improve the financial performance and sustainability of the sector. Monitor the impact of the sector and develop an annual report on the state of the micro finance sector in Swaziland.

7.5.4. Agriculture Finance

142. Agriculture seems to play a largely consumptive¹ rather than productive role as only 3 percent of the adult population reported this as the main source of income, (FinScope Swaziland, 2014). The Vulnerability Assessment Committee (VAC) Report for 2014 established that 34 percent of the households had wages as the main source of income compared to less than 5 percent for crop sales and animal sales. The climate smart programmes and investment in the sector, such as with the irrigation and dams development will improve the agriculture productivity.

143. The significant role of agriculture to economic development can be underscored as 66 percent of the households are involved in farming (FinScope Swaziland, 2014). The NFIS will promote appropriate and affordable financial services and products such as the E-money to transact and the value chain finance to enable the farmers to have timely access to farm inputs and receipts from the sale of their produce. Support the relevant agencies to develop mechanisms that will screen and score commercially-oriented farmers to link

¹ *Consumptive products offer very limited potential for financial service distribution.*

them to markets and finance. Develop appropriate financial products and services that will be suited to the needs of the farmers.

7.5.5. Women & Youth Financial Inclusion

144. The women in the country account for 55 per cent of the adult population in the country hence making them a significant group for consideration. Although the Constitution of the country elevated the status of the women in the country to eliminate previous tendencies of discrimination, such as the registration of the property under the women and access to land through "khonta," there is still a need to address vulnerabilities for the women.
145. The MAP (2014) indicated that women in the country tend to be more entrepreneurial whilst men go out to look for jobs. This is manifested by the high level of women participation in community-based income generating projects compared to men. The same Study established that 72 per cent of the women that were self-employed and the average monthly salary was E719, which was lower than the wage for formal employees at E791. Only 61% of the women were formally financially included compared to 69% for men. This illustrates the need to ensure that women are empowered.
146. The NFIS will desegregate the data and monitor the impact of the access to finance for the women. Support the development of appropriate financial products and services that will be adapted to the needs of the women.

7.6. Performance Objectives

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Overall Objectives: Create a stable, diversified, modern, and competitive financial system that provides quality, affordable and accessible financial services to all to support economic growth (FSDIP, 2015).					
Policy Goal: Increase the depth of Financial Inclusion, growing the percent of adults with access to two or more formal products from 43% (FinScope 2014) to 75%, and reducing the excluded from 27% to 15%, by 2022 by growing mobile money and remittances, deepening bank reach, getting credit basics right, ensuring risk management products are available, and enabling alternative channels to serve the poor.					
Expected Outcome: Ensure increased and permanent access to and usage of financial services and products by the population with conditions that favour access and usage.					
Performance Objective 1.1: Improve geographic coverage of financial services and products.					
1.1.1. Open financial access points in underserved Tinkhundla	<ul style="list-style-type: none"> Percentage of new access points in underserved Tinkhundla centres 	MFIs/SACCOs/DFIs	Demand-side survey	Semi-annual	30 March 2022
1.1.2. Link informal savings and credit groups to E-money platforms and create super agents	<ul style="list-style-type: none"> Number of accounts for informal savings & credit groups linked to E-money platforms Value of accounts for informal savings & credit groups linked to E-money platforms Number of mobile money super agents created 	CBS/MTN/FSRA	Supervision Report	Quarterly	30 March 2018
1.1.3. Convergence between Mobile Money and banks'	<ul style="list-style-type: none"> Percentage of ATMs that offer mobile money services 	CBS/MTN/FSRA	Supervision Report	Quarterly	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
ATMs and internet transfers	<ul style="list-style-type: none"> ▪ Value of mobile money transfers through the ATMs ▪ Value of mobile money transfers through internet payments 				
1.1.4. Improved access to fast and affordable internet connection	<ul style="list-style-type: none"> ▪ Percentage of the country's geographic coverage of the 4G Network ▪ Percentage geographic coverage of public internet hotspots ▪ The internet unit cost in the country compared to SADC member countries. 	Communications Authority	Reports	Quarterly	31 December 2017
1.1.5. Link of the financial co-operatives and MNFIS to the National Payment System	<ul style="list-style-type: none"> ▪ Percentage of financial co-operatives that are linked to the National Payment System ▪ Value of financial Co-operatives' transfers that are processed through the National Payment System ▪ Percentage of MFIs that are linked to the National Payment System ▪ Value of MFIs' transfers that are processed through the National Payment System 	FSRA & CBS	Supervision Reports	Quarterly	31 December 2017
1.1.6. Interoperability amongst the banks and affordable charges	<ul style="list-style-type: none"> ▪ Percentage of services that are interoperable amongst the banks ▪ Value of the services that are 	CBS	Supervision Report	Semi-annual	31 December 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
	<ul style="list-style-type: none"> interoperable amongst the banks Charges for the interoperable services 				
1.1.7. Data collection and impact monitoring	<ul style="list-style-type: none"> Percentage rural geographic coverage Major drivers and constraining factors to the access to financial services and products Contribution to the local economic activities Opportunities and threats 	CBS/FSRA/FIA	Financial Stability & Financial Inclusion Report – Demand side Survey	Annual	30 March 2017
Performance Objective 1.2: Inform, educate and protect the public in general and the target clientele of the NFIS in particular.					
1.2.1. Conduct the Financial Capability Survey	<ul style="list-style-type: none"> Financial Capability Survey undertaken 	FIA, CBS & FSRA	Survey Report	-	31 December 2017
1.2.2. Establish the Financial Literacy and Consumer Protection Strategy	<ul style="list-style-type: none"> Financial Literacy and Consumer Protection Strategy is undertaken 	MFU, CBS & FSRA	Survey Report	Bi-annual	30 March 2018
1.2.3. Integrate financial education programs in educational institutions	<ul style="list-style-type: none"> Curricula is established Percentage of educational institutions that integrated the financial education programs Number of students that receive the financial education programs 	FIA, CBS, FSRA & MoET	State of Financial Inclusion Report	Annual	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
1.2.4. Ensure country-wide coordination for awareness, communication and financial education efforts	<ul style="list-style-type: none"> ▪ Financial education communication and awareness programs established ▪ Number of people that received the programs ▪ Level of satisfaction 	MoET, FIA, NFIS, CBS & FSRA	State of Financial Inclusion Report	Annual	30 March 2018
1.2.5. Undertake national and regional awareness and promotional campaigns on the use of financial services and products	<ul style="list-style-type: none"> ▪ Number of national and regional awareness and promotional campaigns that are held ▪ Number of people that participate in the national and regional awareness and promotional campaigns ▪ Key themes of the national and regional awareness and promotional campaigns 	SBA, FIA, CBS & FSRA	State of Financial Inclusion Report	Annual	30 December 2017
1.2.6. Inform clients and staff of financial institutions about directives concerning protection of consumers of financial services and products	<ul style="list-style-type: none"> ▪ Established Financial Consumer Protection Strategy ▪ Number of cases reported to the Financial Ombudsman ▪ Level of disclosure on the financial services and products ▪ Level of clientele satisfaction 	CBS, FSRA, MoF & MFU	Demand side Survey	Annual	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 1.3: Develop financial services and products through mobile phone and other technologies.					
1.3.1. Promote financial services and products through mobile phone	<ul style="list-style-type: none"> ▪ Level of penetration of the mobile money services ▪ Number of active mobile money accounts ▪ Value of mobile money transactions ▪ Types of mobile money services and products that are offered 	CBS, MNOs & FIA	Survey Report	Bi-annual	30 March 2017
1.3.2. Expand access to ATMs	<ul style="list-style-type: none"> ▪ Level of penetration of the ATMs network ▪ Number of active ATM debit cards ▪ Number of active ATM credit cards ▪ Value of ATM transactions 	SBA's & CBS	Supervision Reports	Quarterly	30 March 2017
1.3.3. Support graduation to P2B, P2G, B2P and G2P through mobile money	<ul style="list-style-type: none"> ▪ Policy Guidance Note on P2B, P2G, B2P and G2P is issued ▪ Value and type of transaction 	CBS & MNOs	Supervision Reports	Quarterly	31 December 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
1.3.4. Convergence between mobile money and the banking infrastructure	<ul style="list-style-type: none"> ▪ Number of mobile money accounts that transact through the banking infrastructure ▪ Value of mobile money accounts that transact through the banking infrastructure ▪ Type, target market and value of mobile money services derived through the convergence with the banking infrastructure 	CBS, MNOs & SBAs	Supervision Reports	Quarterly	31 December 2017

Strategic Goal 2: Make available quality financial services and products

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 2.1: Increase the level of savings and ensure security of deposits.					
2.1.1. Promote the mobilization of savings in financial Institutions	<ul style="list-style-type: none"> ▪ Savings mobilization Communication and awareness programs established ▪ Number of people that 	CCD, FSRA, CBS & FIA	Reports	Semi-Annual	31 December 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
	participated in the programs				
2.1.2. Develop specific and attractive savings products activity	<ul style="list-style-type: none"> ▪ Number of active savings accounts with NFIS ▪ Types, target market, uses and value of savings accounts with NFIS. 	CBS, FSRA, CDD & FIA	Survey Reports	Quarterly	31 December 2017
Performance Objective 2.2: Develop financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities.					
2.2.1. Promote the mobilization of savings in financial Institutions	<ul style="list-style-type: none"> ▪ Savings mobilization Communication and awareness programs established ▪ Number of people that participated in the programs 	CCD, FSRA, CBS & FIA	Reports	Semi-Annual	31 December 2018
2.1.2. Develop specific and attractive savings products activity	<ul style="list-style-type: none"> ▪ Number of active savings accounts with NFIS ▪ Types, target market, uses and value of savings accounts with NFIS. 	CBS, FSRA, CDD & FIA	Survey Reports	Quarterly	31 December 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
2.1.3. Develop mechanisms for the profiling and scoring of the small-holder farmers involved in commercial agricultures	<ul style="list-style-type: none"> ▪ Profiling and scoring system for small-holder farmers involved in commercial agriculture is in place ▪ Number and types of farmers that are in the scoring system ▪ Number of enquiries from the system by the MFIs ▪ Percentage of farmers from the scoring system that receive credit 	SEDCO, SME Unit, CBS, FSRA, MoA & FIA	Reports	Semi-Annual	31 September 2017
2.1.4. Expand the Small-Scale Enterprise Loan Guarantee Scheme (SSELGS) to have an agriculture portfolio	<ul style="list-style-type: none"> ▪ Review and reform of the SSELGS and agriculture portfolio established ▪ Value of the agriculture portfolio ▪ Number & gender of farmers that are benefitting from the portfolio ▪ Value of loans issued from the portfolio 	MoF, MoCIT, CBS & FIA	Reports	Semi-Annual	31 September 2018
2.1.5. Support the development and dissemination of reliable and up-to-date value chain information on the key agriculture	<ul style="list-style-type: none"> ▪ National Agriculture Value Chain Co-ordination Mechanism is established ▪ Database on all value chain studies established 	MoA, SEDCO & FIA	Reports	Semi-Annual	31 December 2019

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
commodities	<ul style="list-style-type: none"> ▪ Value Chain Information Platform is established ▪ Number & type of value chain linkages established ▪ Number & gender of farmers that are participating in the value chain linkages ▪ Value of the value chain linkages ▪ Level of satisfaction 				
Performance Objective 2.3: Develop approaches and financial products and services for micro and small entrepreneurs.					
2.3.1. Establish an effective co-ordination mechanism to support the development of the sector and the master-plan	<ul style="list-style-type: none"> ▪ The MSME Swaziland Baseline Survey is undertaken ▪ MSME Swaziland Master-plan is established 	SME Unit, FSRA, CBSCSO & FIA	Reports	Semi-Annual	31 December 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
2.3.2. Develop, expand and promote a range of financial products for MSMEs	<ul style="list-style-type: none"> ▪ Percentage of MSMEs required to provide collateral on any existing loan ▪ Percentage of MSMEs with a deposit account at a regulated financial institution ▪ Percentage of MSMEs with an outstanding loan or line of credit at a regulated financial institution ▪ MSME loan guarantees as a percentage of MSME loan (in terms of value) ▪ Percentage of enterprises with access to digital financial ▪ Difference between average SME loan rate and average corporate loan rate ▪ Percentage of non-performing MSME loans to total MSMEs and total loan book: 	CBS, FSRA, Banks & FIA	Supervision Reports	Semi-Annual	30 March 2018
2.3.3. Develop and continuously update data on the sector	<ul style="list-style-type: none"> ▪ Contribution of the MSME sector to GDP ▪ Contribution of the MSME sector to employment ▪ Contribution of the MSME sector to exports ▪ Number and segments of MSMEs in Swaziland ▪ Percentage of the MSMEs to private sector 	SME Unit, CSO, CBS & FIA	Reports	Semi-Annual	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
2.3.3. Develop and maintain a scorecard system on the micro and small entrepreneurs	<ul style="list-style-type: none"> ▪ The MSME scorecard system is in place ▪ Number and segments of prepared micro and small entrepreneurs 	SEDCO, FIA, CBS & FSRA	Reports	Semi-Annual	30 September 2018
2.3.4. Establish target lending to the sector and monitor impact	<ul style="list-style-type: none"> ▪ Level of demand for micro and small enterprise lending ▪ Value of prepared bankable projects ▪ Proportion of loan book targeted to the micro and small entrepreneurs 	CBS, FSRA, SEDCO & FIA	Reports	Annual	30 September 2017
2.3.5. Develop the micro finance sector and a re-capitalization program to meet demand	<ul style="list-style-type: none"> ▪ Micro Finance Policy established ▪ Level of penetration/outreach and gender for the micro finance sector ▪ Number and gender of entrepreneurs that are covered by the micro finance sector ▪ Value of the loan portfolio from the micro finance sector 	FIA, MoF, SEDCO, FSRA & CBS	State of Micro Finance Report	Annual	31 December 2018
2.3.6. Establish a credit registry and collateral registry for the micro and small entrepreneurs	<ul style="list-style-type: none"> ▪ Credit registry is in place ▪ Secured transactions and movable collateral registry framework is in place ▪ Percentage of businesses that are in the credit registry ▪ Percentage of businesses in financial distress 	MoF, CBS, FSRA & FIA	Report	Quarterly	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
	<ul style="list-style-type: none"> ▪ Percentage of businesses that are subscribed to the collateral registry ▪ Value of credit obtained linked to the collateral registry 				
2.3.7. Improve the effectiveness of the Government Funding Schemes and align with mainstream finance	<ul style="list-style-type: none"> ▪ Loan Portfolio Size ▪ Portfolio At Risk ▪ Percentage of micro & small enterprises with an outstanding loan with the Schemes 	MoF, CBS & FSRA & FIA	State of Micro Finance Report	Annual	30 September 2018
2.3.8. Adapt financial products and services to the needs of small entrepreneurs	<ul style="list-style-type: none"> ▪ Number and type of financial products and services adapted to the needs of small entrepreneurs ▪ Percentage of small entrepreneurs that utilize the adapted financial products and services ▪ Value of financial products and services targeting the needs of small entrepreneurs 	CBS, FSRA & FIA	Supervision Reports	Annual	30 September 2017
2.3.9. Introduce and consolidate mechanisms for guaranteeing loans to small and medium entrepreneurs	<ul style="list-style-type: none"> ▪ Loan Portfolio Size ▪ Portfolio At Risk ▪ Percentage of small & medium enterprises with an outstanding guaranteed loan 	MoF, MoCIT, CBS & FIA	Supervision Report	Quarterly	30 March 2017
2.3.10. Introduce windows/desks and financial institutions	<ul style="list-style-type: none"> ▪ Number of financial institutions' branches with specialized small entrepreneurs windows/help 	CBS, FSRA & FIA	Supervision Report	Annual	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
specialized for small entrepreneurs	desks <ul style="list-style-type: none"> ▪ Number of call-ins ▪ Value of transactions from the windows/help desks ▪ Level of satisfaction 				

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 2.4: Develop microinsurance products and services.					
2.4.1. Develop microinsurance regulations	<ul style="list-style-type: none"> ▪ Micro insurance regulations are in place 	FSRA, CBS, MoF & FIA	Reports	Semi-Annual	31 December 2018
2.4.2 Develop and implement communication and awareness programs on insurance	<ul style="list-style-type: none"> ▪ Communication and awareness programs in place ▪ Number of people participating in the programs 	FSRA, CBS, MoF & FIA	Reports	Semi-Annual	31 December 2017
2.4.3 Adapt insurance products and services to be suitable for the irregular income earners and the small businesses	<ul style="list-style-type: none"> ▪ Number and type of new insurance products and services ▪ Number and spread of branches and agents that provide the insurance products and services ▪ Number of people for the insurance products and services ▪ Number of people that pay insurance products through 	FSRA, CBS, MoF & FIA	Reports	Semi-Annual	31 December 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
	mobile money and other alternative payment mechanisms <ul style="list-style-type: none"> ▪ Percentage of loans with credit insurance cover ▪ Percentage of small and medium enterprises that have an insurance cover ▪ Level of satisfaction 				
Performance Objective 3.1: Set up a regulatory framework for the protection of consumers of financial products and services.					
3.1.1. Develop the Financial Literacy and Consumer Protection Framework	<ul style="list-style-type: none"> ▪ Issue directives for financial literacy to FIs ▪ Issue directives for consumer protection to FIs 	CBS & FSRA	Reports	Annual	30 March 2018
3.1.2. Finalize the development of the Micro Finance Policy	<ul style="list-style-type: none"> ▪ Micro Finance Policy and Microfinance Funding Agency are in place 	MoF, FSRA, CBS & FIA	Reports	Annual	31 December 2018
3.1.3. Develop the Secured Transactions & Movable Assets framework	<ul style="list-style-type: none"> ▪ Framework is in place 	MoF, MoJCA, CBS, FSRA & FIA	Reports	Annual	31 December 2019

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 3.2: Coordination and coherence with the national financial inclusion Strategy framework.					
3.2.1. Set up the Financial Inclusion Co-ordination Mechanism and ensure that it is operational	<ul style="list-style-type: none"> ▪ The NFIS is finalized and approved ▪ The Financial Inclusion Council and the Technical Committee are established and operational ▪ The Financial Inclusion Agency is in place and operational 	MoF, CBS, FSRA & FIA	Reports	Annual	31 September 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
3.2.2. Monitor and evaluate implementation of the NFIS	<ul style="list-style-type: none"> ▪ Baseline surveys (e.g. MSME FinScope Swaziland, Financial Capability Survey, Financial Assessments, etc.) are finalized ▪ Monitoring & Evaluation framework is in place and operational ▪ Commitment to the Maya Declaration ▪ Coordination of the NFIS with other policies such as the SME Strategy ▪ 	FIA, MoF, CBS & FSRA	State of the Financial Inclusion Report	Annual	30 September 2017
3.2.3. Ensure mobilization of resources for the implementation of the NFIS	<ul style="list-style-type: none"> ▪ Resource mobilization strategy is in place and operational ▪ Contribution of the NFIS to economic development 	FIA, MoF, CBS & FSRA	State of the Financial Inclusion Report	Annual	31 December 2017
3.2.4. Promote the NFIS to the authorities and the general public	<ul style="list-style-type: none"> ▪ NFIS communication and awareness programs in place ▪ Number of people participating in the programs 	FIA, MoF, CBS & FSRA	State of the Financial Inclusion Report	Annual	31 December 2017

7.2.1. *Monitoring process*

147. The NFIS will be implemented by the FIA with the assistance of the Technical Committee on Financial Inclusion. The role of the FIA will be to coordinate and monitor implementation of the NFIS and also to undertake feasibility studies for various aspects required by the NFIS, to undertake consultations on the development of specific aspects and to provide representation, information and education.
148. Since the NFIS is a cross-cutting process, it must coordinate actions for financial inclusion, not only with regard to the development of microfinance, but also those carried out by any and all stakeholders who can stimulate greater financial inclusion. Some of these actions are specific to the NFIS, but others concern the Micro Finance Strategy and the SME Strategy and other policies and programs within the agricultural development space, it will therefore assume a coordinating role with these various Strategy documents.
149. Technical Groups (TGs) will be set up. Their role will be to assist the Technical Committee as well as the FIA in coordinating actions for topics that require larger-scale efforts. These TGs, will work with other actors active in areas related to the topics addressed by the TGs. The TGs will be tasked with ensuring that the activities planned in their fields of expertise are executed and coordinated.

8.1. Responsibilities of the Financial Inclusion Agency (FIA)

150. The responsibilities of the FIA will include the following:

- Coordinate implementation of the NFIS by ensuring that the actions planned are properly executed and that those responsible for these actions under the operational plan assume their responsibilities.
- Sign memoranda of understanding with the institutions identified as responsible for the execution of activities.
- Coordinate the actions of the NFIS with the people responsible of the Strategy and Strategy for the Microfinance Sector and the Strategy for Development of the Financial Sector.
- Monitor implementation of the NFIS with regard to changes in the indicators, and also the execution of activities planned by the NFIS and the mobilization of funds to ensure its execution.
- Produce annual work plans, jointly with the actors concerned, and reports on the status of financial inclusion and the progress of work included in the operational plan.
- Carry out studies on specific problems and feasibility studies on the mechanisms to be introduced under the NFIS.
- Consult stakeholders on topics requiring their opinion, mainly via workshops.
- Ensure representation of the NFIS with government authorities and the various government bodies, in order to inform them about the status of financial inclusion and constraints for implementation and advise them on subjects related to financial inclusion.
- Maintain links with donor agencies.
- Communicate with the stakeholders involved in implementing the NFIS and also with the general public to keep them informed about the evolution of financial inclusion in the country and activities carried out under the NFIS.
- Adjust, as needed, the NFIS during implementation and perform an end term evaluation.

- Coordinate the activities of its Executive Unit, including adopting a procedural document, approve its annual operational budget, validating the hiring of staff and providing authorizations for budget appropriations, in particular for the attribution of subcontracts.

8.2. Strategy review

151. The Ministry of Finance will be responsible for initiating the review of this Strategy. To ensure consistency and relevance the review of the Micro Finance Strategy for Swaziland shall be undertaken every ten (10) years with a mid-term review after five (5) years and or as influenced by the changes in national commitments to multilateral agreements, assessment of targets, evaluation of indicators, national development plans and reviews.

8.3. Conclusion

152. It is envisaged that the proposed interventions will result in an increase in reach, depth and quality of financial inclusion in Swaziland, and a sustainable financial sector able to increase citizen welfare, create economic growth, and hence meet national goals.

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
		Total Swaziland population		World Bank (Internet)		1 270 000	
		Adult population, 18+ years		Swazi Synthesis Report P2		531 813	
1. Access							
	Commercial Banks	Access Points	(Total Number of Access Points by Region / Total Adult Population) x 10,000	CBS 2015 Lic renewal letters	Quarterly	44	
		Urban: Branches		CBS 2015 Lic renewal letters		23	
		Urban: Agencies/Kiosks		CBS 2015 Lic renewal letters		1	
		Rural: Branches		CBS 2015 Lic renewal letters		14	
		Rural: Agencies		CBS 2015 Lic renewal letters		6	
		ATMs	(Total Number of ATMs by Region /	CBS 2015	Quarterly	204	

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
			Total Adult Population) x 10,000				
		Total number of ATMs					
		Urban					
		Rural					
	Insurance Companies	Branches	(Total Number of Branches by Region / Total Adult Population) x 10,000	FSRA Lic renewal letters	Quarterly		
		Urban					
		Rural					
		Agents	(Total Number of Agents by Region / Total Adult Population) x 10,000	FSRA Lic renewal letters	Quarterly		
		Urban					
		Rural					
	MNFIS	Branches	(Total Number of Branches by Region / Total Adult	FSRA Lic renewal letters	Quarterly	-	

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
			Population) x 10,000				
		Urban					
		Rural					
	Non-Bank Credit Institutions (NBCIs)	Number of NBCIs	(Total Number of NBCIs by Region / Total Adult Population) x 10,000	FSRA Lic renewal letters	Quarterly		
		Number of Accounts	(Total Number of Accounts by Region / Total Adult Population) x 10,000	FSRA Reports	Quarterly		
		Male					
		Female					
		Value of Loans					
		Consumption					
		Business					
		Housing					
	SACCOs						
		Number of SACCOs	(Total Number of SACCOs by Region /	FSRA Lic renewal	Quarterly		

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
			Total Adult Population) x 10,000	letters			
		Urban					
		Rural					
		Number of Clients	(Total Number of Clients by Region / Total Adult Population) x 10,000	FSRA Reports	Quarterly		
		Male					
		Female					
	Savings & Credit Groups	Number of Groups	(Total Number of Groups by Region / Total Adult Population) x 10,000	Co-operatives Annual Report	Annually		
		Number of Members	(Total Number of Members / Total Adult Population) x 10,000	Co-operatives Annual Report	Annually		
		Male					
		Female					
		Value of Savings					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
	Electronic Points of sale (POS)			CBS 2015	Quarterly	1 313	
		Number of POS	(Total Number of POS by Region / Total Adult Population) x 10,000				
		Urban					
		Rural					
		Value of Transactions					
	Swaziland Postal & Telecommunication Corporation	Number of Postal Service Centres	(Total Number of Postal Service Centres by Region / Total Adult Population) x 10,000	www.sptc.co.sz/swazipost accessed Feb 25 2016 (post office branch + postal agencies)	Annually	102	
		Urban		Assume 30% Urban		31	
		Rural		Assume 70% rural		71	
		Value of Transactions					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
	Mobile Money Agents	Number of Agents	(Total Number of MM Agents by Region / Total Adult Population) x 10,000	CBS Report		360	
		Urban		Assume 60% urban		216	
		Rural		Assume 40% rural		144	
		Value of Transactions					
	Total Access Points					492	
		Urban and semi urban				271	
		Rural				221	
		Urban - per 100,000 adults				51.0	
		Rural - per 100,000 adults				41.6	
2. Usage							

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
	Deposit Accounts	Regulated Consumer Deposit Accounts		CBS Report	Quarterly		
		Number of regulated consumer deposit accounts per 1,000 adults (18+)	Total Number of Adults with one Regulated Deposit Account/Total Adult Population	CBS Report	Quarterly		
		Deposit Accounts with Commercial Banks	(Total Number of Deposit Accounts with Banks /Total Adult Population) x 10, 000	CBS Report	Quarterly		
		▪ Active (180 days) Retail Deposit (excluding FCDA) Accounts	(Total Number of Active Retail Deposit Accounts/Total Adult Population) x 10, 000	CBS Report	Quarterly		
		Number of Saving Accounts with Financial Cooperatives	(Total Number of Savings Accounts with SACCOs / Total Adult Population) x 10, 000	FSRA Reports	Quarterly		
		Number of Saving Accounts with Credit Unions	(Total Number of Savings Accounts with Credit Unions / Total Adult Population) x	FSRA Reports	Quarterly		

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
			10,000				
	Transaction s						
	POS devices at merchant locations (excluding POS at agents for cash-in and cash-out)	Total Number of Transactions	(Number of POS Transactions/ Total Adult Population) x 10,000	CBS Report	Quarterly	-	
		Urban					
		Rural					
		Total Value of Transactions	Value of POS Transactions/				
		Urban					
		Rural					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
	Loans	Number and Value of Loan accounts					
	Commercial Banks					-	
		Number of Household Loan Accounts					
		Value of Household Loan Accounts					
		Number Business Loan Accounts					
		Value of Business Loan Accounts					
	Credit Unions	Number of Payroll Loan Accounts					
		Value of Payroll Loan Accounts					
		Number of Household loan Accounts					
		Value of Household loan Accounts					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
		Number of Business Loan Accounts					
		Value of Business Loan Accounts					
	Financial Cooperatives	Number of Payroll Loan Accounts					
		Value of Payroll Loan Accounts					
		Number of Household Loan accounts					
		Value of Household Loan Accounts					
		Number of Business Loan Accounts					
		Value of Business Loan Accounts					
	MNFIS	Number of Household loan Accounts					
		Value of Household Loan Accounts					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
		Number of Business Loan Accounts					
		Value of Business Loan Accounts					
	Agro Delears	Number of Agro Dealer Loans					
		Value of Agro Dealer Loans					
	MSME / Business Finance	Number of Loan Accounts					
		Urban					
		Rural					
		Male					
		Female					
		Sector					
		Value of Loan Accounts					
		Urban					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
		Rural					
		Male					
		Female					
		Sector					
	Women Business Finance	Number of Female Loan Accounts					
		Value of Female Loan Accounts					
	Low Income Savings Accounts						
	Commercial Banks	Number of Low Income Savings Accounts				-	
		Urban					
		Rural					
		Male					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
		Female					
		Value of Low Income Savings Accounts					
	Financial Co-operatives	Number of Low Income Savings Accounts					
		Urban					
		Rural					
		Male					
		Female					
		Value of Low Income Savings Accounts					
	MNFIS	Number of Low Income Savings Accounts					
		Urban					
		Rural					
		Male					
		Female					

Dimension	Category	Indicator	Formula	Source	Frequency	Baseline	Target
		Value of Low Income Savings Accounts					
		Average Number of low income savings accounts (VSLAs, Banks, SACCOs, etc)					
		Non-Bank Credit institutions and financial cooperatives (SACCOs): Number of Depositors, Persons, Number					
		Commercial banks: Number of Depositors, Persons, Number					
		Deposit taking MNFIS: Number of Deposit Accounts, Number					
		Deposit taking VSLAs: Number of Depositors, Persons, Number					

