

**GOVERNMENT OF THE KINGDOM
OF SWAZILAND**

**NATIONAL FINANCIAL
INCLUSION STRATEGY
FOR SWAZILAND
2017 - 2022**

**Prepared by the Ministry of Finance
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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 Co-ordination Agency.....	FICA
Financial Inclusion Task Team	FITT
Financial Institutions.....	FIs
Financial Sector Implementation 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	MFIs
Ministry of Agriculture.....	MoA
Ministry of Commerce Industry & Trade	MoCIT
Ministry of Tinkhundla Administration & Development.....	MoTAD
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
National Financial Inclusion Strategy.....	NFIS
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 Enterprises	SMEs
Small Enterprise Development Company	SEDCO
Swaziland Commercial Amadoda	SCA
Swaziland Household Income & Expenditure Survey	SHIES
Technical Working Group	TWG
United Nations Capital Development Fund	UNCDF
United Nations Development Programme	UNDP
United Nations.....	UN
Vulnerability Assessment Committee.....	VAC

FOREWORD



Senator Martin G. Dlamini

MINISTER OF FINANCE

The Government of Swaziland (GoS) attaches a critical role for 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.

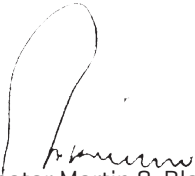
The Financial Inclusion journey for GoS dates back to 2010 in which the [GoS] through the Ministry of Finance [MoF] established the Micro Finance Unit [MFU] to implement the IFAD supported Rural Finance and Enterprise Development Programme [RFEDP] to facilitate access to financial services for the rural 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 Ministry appreciates the subsequent developments with the technical and financial support of FinMark Trust South Africa which assisted with the conduct of the FinScope Swaziland Consumer National Surveys 2011 and 2014, as well as the Making Access Possible [MAP] Financial Diagnostic Study 2014. These documents provided the necessary diagnosis of the financial sector, and believe that this is the reason we have such a comprehensive and relevant Strategy Document.

We also acknowledge the contribution that the Ministry received from its membership and participation in AFI. This facilitated amongst other things the capacity building for the staff on the key concepts of financial inclusion, study grants to other key country and the peer-to-peer review of our National Financial Inclusion Strategy [NFIS] done during AFI Global Policy Forum 2016 in Nadi, Fiji. More importantly, the Ministry is grateful to the local stakeholders, particularly the Central Bank of Swaziland [CBS], FSRA, Government Agencies, Financial Institutions and the public for their valued contribution towards the development of the strategy. The MFU for co-ordinating the process of coming up with the strategy.

To address the key constraints with access to finance, the NFIS has prioritised the promotion of E-money to transact & save, affordable formal mechanisms for remittances, insurance to mitigate risks, deepening the bank reach, expanding productive credit and consumer protection, as well as the co-ordination of the implementation of the strategy to monitor impact. At the end the interventions of this strategy should impact positively to the rural population, the MSME sector, farmers, the women, youth as well as the other vulnerable segments of the population.

The NFIS takes a different approach through which government partners with the private sector to provide an enabling policy & regulatory environment and support to assist the financial institutions to identify market opportunities to provide affordable and sustainable financial products and services for the vulnerable segments of the population. The implementation of the Financial Sector Development Implementation Plan (FSDIP) launched in April 2017 will assist re-enforce the environment for the country's NFIS.



Senator Martin G. Dlamini
Minister of Finance

EXECUTIVE SUMMARY

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 United Nations [2012] study on youth entrepreneurship in Swaziland established that only 8 percent of the businesses had access to bank credit and 57 percent relied on friends and relatives to obtain money to support their businesses.
2. 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 GoS 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.
3. This National Financial Inclusion Strategy [NFIS] for Swaziland represents the commitment of the Government, 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.
4. The Ministry acknowledges the effective role and commitment of the Central Bank of Swaziland [CBS], the Financial Services Regulatory Authority, the financial sector, as well as the Micro Finance Unit [MFU] 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.
5. 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.
6. 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. 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 which are the banked, other formally served, and the informally served.
 7. 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.
 8. The FinScope Swaziland National Consumer Survey 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. 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.
 9. 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.
 10. 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”.

11. The **MFU** has been set up under the authority of the Ministry of Finance to drive financial inclusion, bridge the gap between the regulators, financial service providers, the MSMEs and the consumers, particularly the vulnerable households. Grow the **mobile money**, more generally the **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. **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.
12. Need to **expand insurance** given the high vulnerability of the Swazi. With collective mechanisms becoming exhausted, credit and savings are being used as alternatives. **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.” **Formal credit up-take** 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.
13. The key strategic financial inclusion focus for the country are the rural, micro finance, SMEs, agriculture and the the women & the youth. For **Rural Finance**, The NFIS will promote mechanisms such as E-money, agent and mobile banking and support the financial literacy and consumer empowerment programs to empower the rural population to have information. Rationalize and re-align government lending/grant programs targeting entrepreneurs to address poverty reduction and the interface with the mainstream finance to avoid market distortion.
14. To enhance **MSME finance** NFIS will collaborate with all the relevant actors for them to improve access to business data on the entrepreneurs, enhance business and financial management skills and establish and implement a business competitive scoring system. Develop the secured transactions and movable assets registry. 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.

15. For **Agriculture Finance**, rationalize and re-align the value chain finance to enable commercially-oriented 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. Desegregate the data and monitor the impact of the access to **finance for the women**.

16. The FICA will be responsible for the co-ordination of the implementation of the NFIS in collaboration with the relevant actors. A **Financial Inclusion Council** chaired by the Minister of Finance, and supported by the Governor of the Central Bank will be established. The Council will comprise of the representatives of the financial system, the financial regulators, business federations and the relevant government agencies to provide the policy guidance. The **Financial Inclusion Technical Committee** will provide technical guidance to the FICA and will meet on a quarterly basis. The FICA will also establish working groups to assist on the key activities depending on the demand and the need.

CHAPTER 1 - Introduction

1.1. Background and Purpose

1. 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.
2. 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.
3. 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.
4. In addition to the aforementioned dimensions, exclusion can be voluntary or involuntary. Activities to drive inclusion should focus on involuntary exclusion, which results from low incomes and high risk profiles of the un-banked and underserved segments of society.
5. 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 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.
 - ✓ **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 developing countries the informal financial sector is largely driven by remittances, savings groups and credit associations.
6. 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

7. 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.
8. 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;

- ✓ Active collaboration with several relevant institutions to improve linkages with financial services and markets to facilitate micro, small and medium enterprises' access to finance;
 - ✓ The Central Bank of Swaziland included financial inclusion objectives in the Strategic Vision 2016 of the Bank; and,
 - ✓ In 2013, the MoF and CBS became members of the global Alliance for Financial Inclusion (AFI), with the Ministry being the principal and the CBS an associate member.
9. 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.

1.3. Methodology and Approach

10. Making Access Possible to Financial Services [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 financial services that are affordable and appropriate to their needs.
11. 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.
12. The strategy development process was coordinated by the MoF 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

13. MAP Swaziland was requested by the Government of Swaziland as input towards the development of a financial inclusion strategy for Swaziland. The MoF set up a Financial Inclusion Task Team (FITT) comprising representatives from the MFU, the CBS, FSRA and the Ministry.

14. The strategy development process also sought input from relevant stakeholders and key Governments' ministries, banks NGO's, Micro Finance Institutions (MFIs), Development Finance Institutions (DFIs), Savings and Credit Cooperative Societies (SACCOS), money lending institutions and individuals.

CHAPTER 2 – Financial Inclusion

2.1. Strategy Principles

15. 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. 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

16. 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 on 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

17. In order to provide a vision and direction, a financial inclusion strategy will support, co-ordinate and monitor the impact of the strategy.

2.4. Rationale for a financial Inclusion Strategy

18. FinScope Swaziland Consumer National Survey 2011 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.
19. 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 study on youth entrepreneurship [2012] established that only 8 percent of the businesses had access to bank credit and 57 percent relied on friends and relatives to obtain money to support their businesses.

2.5. Justification

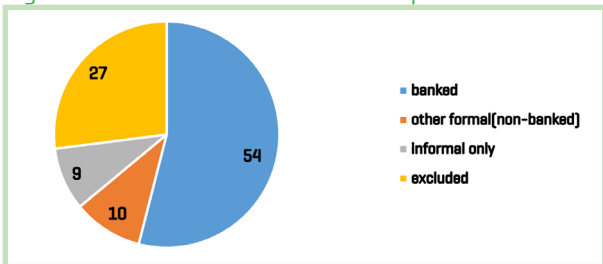
20. The adoption of a strategy for financial inclusion in Swaziland seeks to address the above main points and is based on the following justification:
 - ✓ **Impact on Economic Development** - Is a key factor for economic development and poverty reduction;
 - ✓ **Focus on the Bottom-of-the-Pyramid Population**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

CHAPTER 3 - Financial Inclusion Landscape in Swaziland

3.1. Background

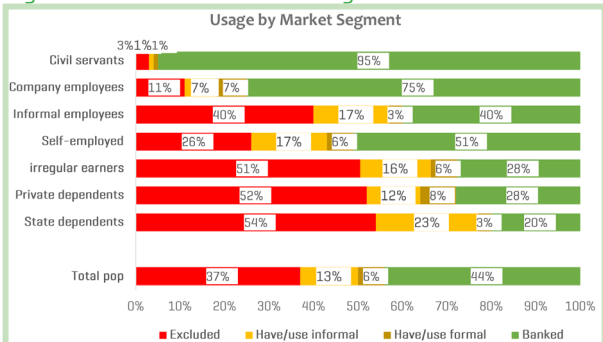
21. Financial Inclusion is broadly defined as the effective access by citizens to a range of quality financial services such as credit, savings, insurance, payments and remittances, provided by diverse financial service providers. “Effective access” involves convenient and responsible service delivery, at a cost both affordable to the customer and sustainable for the provider.
22. 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.
23. FinScope Swaziland Consume National Survey 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 is excluded or face a large number of access barriers notably low affordability, and sometimes onerous documentation requirements.

Figure 1: Financial Inclusion Landscape for Swaziland



Source: FinScope Swaziland Consumer National Survey 2014

Figure 2: Financial Service Usage in Swaziland



Source: FinScope Swaziland Consumer National Survey 2011

24. 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 percent margins for the 2012 financial year. Between 50 and 60 percent 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

25. 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, demand, policy and regulatory environments barriers. In addition, there are also access, affordability and usage barriers.

3.2.1. Demand side barriers

26. 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.

3.2.2. Supply side barriers

27. 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.

3.2.3. Regulatory barriers

28. 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.

3.2.4. 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 a bank account. This has two major effects: firstly it means that there is a substantial gap between credit available to the formal employed and the informal employed or unemployed. 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.

3.2.4.1. Eligibility

29. 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.

3.2.4.2. Affordability

30. 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 Swaziland [2014] respondents as a barrier for savings and transaction products.

3.2.5. Usage Barriers

31. Financial capability is 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.

3.2.5.1. Trust

32. Formal financial institutions are regarded with suspicion, though trusted to keep money safe. MAP Swaziland [2014] 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.

3.2.5.2. "Banks are not for me"

33. 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

34. Not all Swazis face the same realities or have the same needs. The strategy has 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

35. The World Bank Report [2014] states that the urban population in Swaziland accounts for 21.3 percent of the total population, whilst the rural population was 78.7 percent The Swaziland Household Income & Expenditure Survey (SHIES) Report [2010] indicates that 63 percent of the population live in poverty and 85 percent 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

36. 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] identifies 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 Swaziland [2012] which established that 84 percent of the youth reported that access to finance was a major barrier to entrepreneurship development.

37. The FinScope Swaziland [2014] highlights that only 7 percent of the adult population have access to a bank loan. The UNDP Swaziland [2012] reported that only 8 per cent of the MSMEs had access to a bank loan and a significant 57 percent rely on friends and family members to start their businesses.

3.3.3. Entrepreneuers

38. The NFIS will support the development of an entrepreneur scoring 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 enalcate 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.

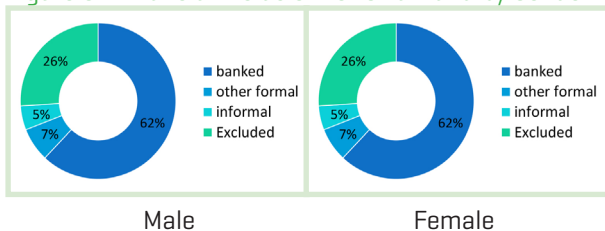
3.3.4. Agriculture Finance

39. 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.
40. The proportion of the adult population that is formally financially included in the rural area is 57 percent, hence lower than the national level at 65 percent. Given the rural phenomenon of the poverty in Swaziland, it is imperative to support mechanisms that will help intergrate the population into mainstream economic activity, such as the development of vibrant and meaningful small-holder farming programs.

3.3.5. Women Finance

41. The women in the country account for 55 percent 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.
42. The MAP Swaziland [2014] indicates 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



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

3.4. Priorities

44. The financial inclusion 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;
 - ✓ Deepen the bank reach; and,
 - ✓ Expand productive credit and protect consumers.
45. Cross cutting regulatory interventions to create an enabling environment for financial inclusion will be implemented. These were identified based on the most urgent customer needs and potential impact identified in the MAP Swaziland research, and will be implemented as part of this national financial inclusion strategy.
46. To ensure that synergies are exploited and duplication avoided in line with the Paris Declaration for Aid Effectiveness, other ongoing financial inclusion initiatives, such as the Financial Sector Development Implementation Plan (FSDIP) will be aligned to the identified priorities.

CHAPTER 4 – Related National Legislation

47. The financial services landscape is governed by two authorities, which are the Central Bank and the FSRA. Broadly, the Central Bank governs banks and FSRA the non-bank finance institutions.

4.1. Financial Institutions Act No. 6 of 2005

48. 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 the licensing of the financial institutions, the prudential requirements and market conduct and the role of the Central Bank for oversight on the operation of these institutions.

4.2. Central Bank Order 1974

49. The Central Bank Order 1974 as amended (CBS Order) mandates the 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.
50. 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

51. The National Clearing and Settlement Systems Act, 2011 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 2010

52. 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.

53. 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

54. 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

55. 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. The Act forms the regulatory framework for long term and short term insurance, brokers and intermediaries. The framework is designed to maintain a balance between necessary complexity and practicality for the context of a small and developing market.

4.7. Money Laundering and Financing of terrorism Prevention Act 2011

56. 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

57. 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

58. 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 and Medium Enterprise Policy of 2005

59. 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

60. The Microfinance Policy outlines the principles for improving Government's commitment toward improving the microfinance sector by fostering a conducive environment for growth. This will include the following activities:

- ✓ 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

61. The Citizens Economic Empowerment Bill, 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.

4.13. The Consumer Credit Act 2016

62. The Consumer Credit Act 2016 seeks to license and regulate all credit providers under a single regulatory framework. A key element of the legislation is the introduction of the provisions for the regulation of credit bureaux and debt counselling, as well as the capping of the credit interest rates, fees and charges. This prescribes the maximum rates and the total quantum of allowable charges similar to the in duplum common law rule.

4.14. Cooperative Societies Act 2003

63. 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.

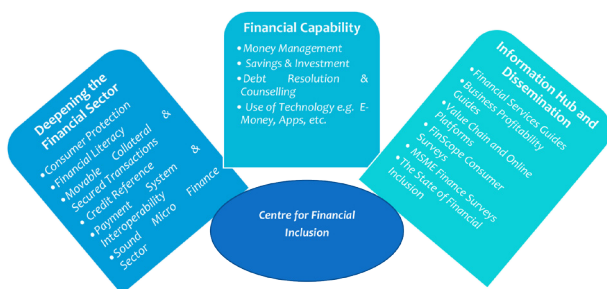
CHAPTER 5 – Implementation Framework

5.1. Specific Strategies

64. The MAP Swaziland [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 velocity 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.
65. The following are specific strategies that will be implemented by the National Financial Inclusion Strategy:

5.1.1. Co-ordinating Agency for Financial Inclusion

66. The MFU has been set up under the authority of the MoF. Part of its mandate was to drive financial inclusion through the implementation of a Rural Finance and Enterprise Development Programme. The MFU would transform to become the Financial Inclusion Co-ordination Agency [FICA].
67. The FICA 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

68. 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.

69. Banks are a suitable solution but they can be relatively 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 MSME 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. • Inconsistency of access.
Potential actions to realise opportunity	<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

70. 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.
71. 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	80,000 cross border 200,000 domestic
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.
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

72. There is significant need to expand insurance given the high vulnerability of the Swazi Population. 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.
73. To enhance access to insurance the following actions will be required:
- ✓ Finalise and implement micro-insurance regulations;
 - ✓ Reconsider KYC requirements for insurance;
 - ✓ Build on the threshold exemption precedent set in the banking environment to support financial inclusion insurance products;
 - ✓ To streamline and develop a facilitative framework for medical schemes; and,
 - ✓ Consider allowing a policy initiation fee as part of the commission structure.

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 insurance 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 and what perceptions drive behaviour.

Item	Description
<p>Potential actions to realise opportunity</p>	<ul style="list-style-type: none"> • 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 collection methods to payroll or debit orders.

5.1.5. Deepening bank reach

74. 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 the banks.

75. There is need to reduce the complexity of bank costs, address doorstep barriers and improve value to consumers. Proactive data analysis and client feedback are essential to support a tailor-made approach to product development and reduce costs through proactive regulation.

Item	Description
Welfare impact	<p>Direct – Through reduced transaction costs and improved risk mitigation from flexible transaction and savings products.</p> <p>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.</p>
Size of opportunity	200,000 existing customers. 30,000 potential customers.
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.

76. Formal credit up-take 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.
77. These are not the only opportunities for enhanced financial inclusion. Goal-oriented products such

as savings sub-wallets for specific needs to encourage saving can also be implemented by SACCOs and the Building Society. 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.

78. The provision of financial services, particularly to the excluded, has the potential to reduce vulnerability and increase incomes in the wider economy. This will impact on poverty reduction, employment creation, growth and, ultimately the welfare of the target segments. Enhance market conduct regulation to improve transparency in the formal sector and protect consumers against abuse in the informal sector.

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 the cost of credit can increase competition and reduce overall formal cost of credit.</p>
Size of opportunity	~90,000 consumers.
Benefits of deepened reach	<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, increased risk and cost. • Consumer protection concerns. • Lack of comprehensive credit reporting systems. • Fragmented SMME support mechanisms.
Potential actions to realise opportunity	<ul style="list-style-type: none"> • Implementing consumer protection measures. • Establish interest rate caps. • 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
Potential actions to realise opportunity	<ul style="list-style-type: none"> • Consumer protection measures to improve transparency of full costs, 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

79. The Consumer Credit Act [2016] creates an explicit and comprehensive legislative framework for the regulation and monitoring of the provision of credit in Swaziland. The primary focus of the act is consumer protection and improved market conduct by providers. 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

80. 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.

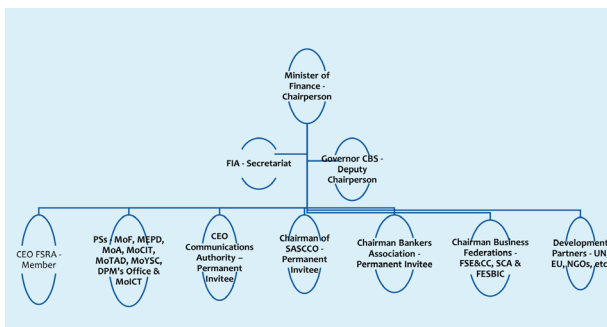
5.4. Awareness creation and capacity building

81. Facilitate the development of an effective communication framework for information and dissemination. Support awareness raising programs and promote wider stakeholder and public participation. Strengthen the capacity of regulators, practitioners and beneficiaries of development finance initiatives. Promote sound development finance practice by advocating professionalism, transparency and good governance in development finance 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

82. The implementation of the NFIS will be driven by the FICA and work very closely with the Financial Inclusion Co-ordination Council and the Technical Committee in collaboration with the Financial Sector Development Implementation Plan [FSDIP].



83. FICA will assume responsibility for coordination and ensuring that all the actors mentioned in the NFIS fulfill their responsibilities. In addition, the FICA will participate in actions linked to information, education of the public and the protection of consumers of financial services and products.

84. Conduct studies to enable greater financial inclusion, such as 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.

85. There will be a Technical Committee comprising of the MoF, CBS, FSRA, relevant government agencies and the private sector. FICA will implement and monitor the NFIS. The Technical 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 [Working Groups] comprising of the relevant stakeholders to provide technical advice on the key issues.

6.2. Roles and Responsibilities of other stakeholders

86. The CBS and FSRA will each promote financial inclusion within their specific mandates. A

number of institutions are being regulated and supervised by these authorities and these have different approaches in carrying-out their mandates. Ensure the buy-in and internalization of the implementation of the NFIS even to these regulated entities.

6.2.1. Ministry of Finance

87. 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 FICA to monitor the implementation of the NFIS.

6.2.2. Micro Finance Unit

88. The transformation of the MFU to FICA is a way of supporting the implementation of the Financial Inclusion Agenda for the country. The purpose is 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.

89. 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 FICA will build-upon the good foundation that has been established through the IFAD supported Rural Finance & Enterprise Development Programme (RFEDP) which came to an end in September 2016. The FICA 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

90. 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;
- ✓ Support the education of the staff and clientele of financial services providers on the protection of consumers of financial services and products and participate in financial education programs;
- ✓ Participate and support studies aimed at enabling bank reach;

- ✓ Improve access to low cost savings and payment products as a key focus area given target market needs;
- ✓ Develop a strategy to enable Mobile Money as a 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. These can do so more cheaply than banks and offer convenience in terms of functional proximity and speed of transfer to customers; and,
- ✓ Develop a framework to obtain targeted information across providers to include financial inclusion indicators.

6.2.4. Financial Services Regulatory Authority

91. Coordinate with the Central Bank to put appropriate transitional arrangements in place, and 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; and,
- ✓ Apply inclusion lens when finalising credit framework.

6.2.5. Ministry of Commerce, Industry and Trade

92. The MSME sector employs 92, 643 people which accounts for 20.5 percent 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.

93. The Commission of Co-operative Development 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

94. 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

95. 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 Development

96. 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.
97. 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 FICA for financing of value chains.

6.2.9. Ministry of Agriculture

98. Support the development of a more structured agriculture finance, 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

99. 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.

100. 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 and Savings and Credit Co-operatives

101. 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-capitalized.

102. The MoF in 2014 finalized the development of the Micro Finance Policy . 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.

103. 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.

104. 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

105. 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; and,
- ✓ Participate in the development of transfer and payment services via mobile phone; and,
- ✓ Participate in existing guarantee funds and create new mechanisms for guarantees and advice for entrepreneurs.

6.2.13. Mobile telephone operators

106. Mobile telephone 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. Overall Objective

107. 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

108. Increase the depth of Financial Inclusion, growing the percent of adults with access to two or more formal products from 43% [FinScope Swaziland 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

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

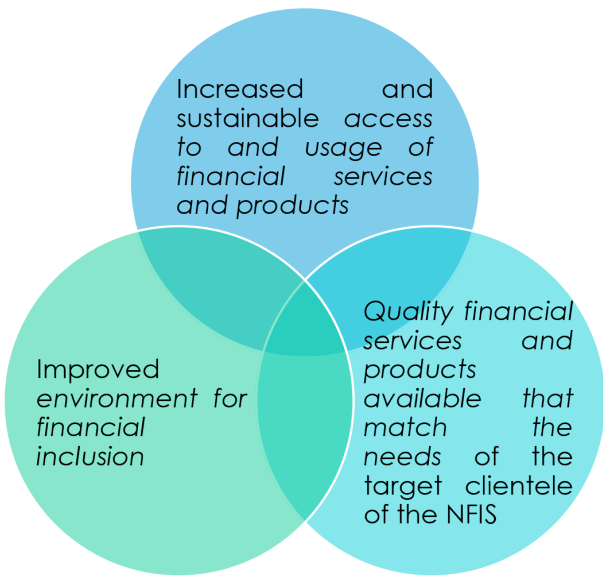
7.4. Implementation Strategy

110. The country through 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 CBS and the FSRA is coordinating the process of implementing the inclusive access to financial services, with the private sector taking the active role in the delivery of the financial mechanisms.

111. This process has been re-enforced by the implementation of the RFEDP, co-funded by the GoS and IFAD to facilitate access to finance, and the currently finalized FSDIP driven through the Central Bank to deepen the financial sector in the country.

7.4.1. Strategic Goals

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



113. The following are the specific strategic goals:

7.4.2. Access to and usage of financial services and products

114. 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.

115. 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.

7.4.3. Quality financial services and products

116. 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;
- ✓ Financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities;
- ✓ Approaches and financial products and services for women and youth;
- ✓ Approaches and financial products and services for micro and small entrepreneurs; and,
- ✓ Micro insurance products and services.

7.4.4. Improved environment for financial inclusion

117. 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

118. The World Bank Report [2014] states that the urban population in Swaziland accounted for 21.3 percent of the total population, whilst the rural population was 78.7 percent. The SHIES Report for 2010 indicated that 63 percent of the population lived in poverty and 85 percent 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.

119. 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

120. 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.

121. 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.

122. 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

123. 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.

124. 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.

125. 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

126. Agriculture seems to play a largely consumptive 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 (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.

127. 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 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

128. The Population Census [2010] indicated that 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.

129. 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 	MNOs/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/MNOs/FSRA	Supervision Report	Quarterly	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
1.1.3. Convergence between Mobile Money and banks' ATMs and internet transfers	<ul style="list-style-type: none"> ▪ Percentage of ATMs that offer mobile money services ▪ Value of mobile money transfers through the ATMs ▪ Value of mobile money transfers through internet payments 	CBS/MNOs/Banks/ FSRA	Supervision Report	Quarterly	30 March 2018
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 2018
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 interoperable amongst the banks ▪ Charges for the interoperable services 	CBS	Supervision Report	Semi-annual	31 December 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
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/FICA	Financial Stability & Financial Inclusion Report – Demand side Survey	Annual	30 March 2018
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 	FICA, CBS & FSRA	Survey Report	-	31 December 2018
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 2019
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 	FICA, CBS, FSRA & MoET	State of Financial Inclusion Report	Annual	30 March 2019

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, FICA, NFIS, CBS & FSRA	State of Financial Inclusion Report	Annual	30 March 2019
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, FICA, CBS & FSRA	State of Financial Inclusion Report	Annual	30 December 2018
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 2019

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 & FICA	Survey Report	Bi-annual	30 March 2018
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 	SBAs & CBS	Supervision Reports	Quarterly	30 March 2018
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 2018
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 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Strategic Goal 2: Make available quality financial services and products					
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 participated in the programs 	CCD, FSRA, CBS & FICA	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 & FICA	Survey Reports	Quarterly	31 December 2018
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 & FICA	Reports	Semi-Annual	31 December 2018
2.2.2. 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 & FICA	Survey Reports	Quarterly	31 December 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 2.2: Develop financing mechanisms, approaches and products adapted to rural needs, in particular for agricultural activities.					
2.2.3. 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 inquiries from the system by the MFIs ▪ Percentage of farmers from the scoring system that receive credit 	SEDCO, SME Unit, CBS, FSRA, MoA & FICA	Reports	Semi-Annual	31 September 2018
2.2.4. 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 benefiting from the portfolio ▪ Value of loans issued from the portfolio 	MoF, MoCIT, CBS & FICA	Reports	Semi-Annual	31 September 2018
2.2.5. Support the development and dissemination of reliable and up-to-date value chain information on the key agriculture commodities	<ul style="list-style-type: none"> ▪ National Agriculture Value Chain Co-ordination Mechanism is established ▪ Database on all value chain studies established ▪ 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 	MoA, SEDCO & FICA	Reports	Semi-Annual	31 December 2019

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Strategic Goal 2: Make available quality financial services and products					
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 & FICA	Reports	Semi-Annual	31 December 2017
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 & FICA	Supervision Reports	Semi-Annual	30 March 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 2.3: Develop approaches and financial products and services for micro and small entrepreneurs.					
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 & FICA	Reports	Semi-Annual	30 March 2018
2.3.4. 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, FICA, CBS & FSRA	Reports	Semi-Annual	30 September 2018
2.3.5. 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 & FICA	Reports	Annual	30 September 2018
2.3.6. 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 	FICA, MoF, SEDCO, FSRA & CBS	State of Micro Finance Report	Annual	31 December 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 2.3: Develop approaches and financial products and services for micro and small entrepreneurs.					
2.3.7. 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 ▪ Percentage of businesses that are subscribed to the collateral registry ▪ Value of credit obtained linked to the collateral registry 	MoF, CBS, FSRA & FICA	Report	Quarterly	30 March 2018
2.3.8. 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 & FICA	State of Micro Finance Report	Annual	30 September 2018
2.3.9. 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 & FICA	Supervision Reports	Annual	30 September 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Strategic Goal 2: Make available quality financial services and products					
Performance Objective 2.3: Develop approaches and financial products and services for micro and small entrepreneurs.					
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 & FICA	Supervision Report	Quarterly	30 March 2018
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 desks ▪ Number of call-ins ▪ Value of transactions from the windows/help desks ▪ Level of satisfaction 	CBS, FSRA & FICA	Supervision Report	Annual	30 March 2018
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 & FICA	Reports	Semi-Annual	31 December 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 2.4: Develop microinsurance products and services.					
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 & FICA	Reports	Semi-Annual	31 December 2018
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 mobile money and other alternative payment mechanisms ▪ Percentage of loans with credit insurance cover ▪ Percentage of small and medium enterprises that have an insurance cover ▪ Level of satisfaction 	FSRA, CBS, MoF & FICA	Reports	Semi-Annual	31 December 2018

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
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 & FICA	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 & FICA	Reports	Annual	31 December 2019
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 & FICA	Reports	Annual	31 September 2017

MEANS & STRATEGIES	INDICATORS	RESPONSIBILITY	MEANS OF VERIFICATION	PERIOD	TIMELINE
Performance Objective 3.2: Coordination and coherence with the national financial inclusion Strategy framework.					
3.2.2. 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 	FICA, 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 	FICA, 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 	FICA, MoF, CBS & FSRA	State of the Financial Inclusion Report	Annual	31 December 2017

7.7 Monitoring Process

131. The NFIS will be implemented by the FICA with the assistance of the Technical Committee on Financial Inclusion. The role of the FICA 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.
132. 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 all stakeholders who can stimulate greater financial inclusion. Some of these actions are specific to the NFIS, but others concern the Micro Finance Policy, the SMME Policy as well as the other relevant policies and programs.
133. Technical Working Groups [TWGs] will be set up and their role will be to assist the Technical Committee as well as the FICA in coordinating actions for topics that require larger-scale efforts. These TWGs, will work with other actors active in areas related to the topics addressed by the TWGs. The TWGs will be tasked with ensuring that the activities planned in their fields of expertise are executed and coordinated.

CHAPTER 8 – Co-ordination Mechanisms

8.1. Responsibilities of the Financial Inclusion Co-ordination Agency

134. The responsibilities of the FICA 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

135. The MoF through the FICA will initiate the review of this Strategy annually through the assessment of targets, evaluation of indicators in relation to national development plans and issue the State of Financial Inclusion Report.

8.3. Conclusion

136. 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.

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