



Opening Remarks

By

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Deputy Director, Bank Supervision

on behalf of the Registrar Of Microfinanciers at the workshop on
Making Microfinance Work

23 March 2015

Colleagues from the International Training Centre of the International Labour Organisation;

ZAMFI;

Programme Facilitators;

Distinguished Guests;

Ladies and Gentlemen;

1. It is indeed an honour for me to address you at this important, exciting and timely training program.
2. A significant proportion of the world population does not have access to formal financial services. The importance of microfinance cannot, therefore, be over emphasized as it affords low income groups a chance to improve their lives.
3. In this regard, it is critical that we build sustainable microfinance institutions that play a critical role in the process of building inclusive financial systems for inclusive growth and development through:
 - provision of financial resources for low income households to meet their basic needs;
 - enabling micro, small and medium enterprises to engage in income generating activities which improve their economic welfare as well economic growth; and

- empowering women and promotion of gender equity by facilitating women's economic participation.
4. The Reserve Bank has through, on- and off-site supervision noted a number of weaknesses such as shortage of critical skills including accounting, credit analysis and administration and poor record keeping; weak management information systems; weak credit assessment manifesting in high non-performing loans; reckless and irresponsible lending practices leading to growing over-indebtedness among microfinance borrowers; and non-compliance with laws and regulations.
 5. As Reserve Bank, we place great value in training programs such as this one as they facilitate improvements in microfinance institutions' corporate governance and risk management systems; compliance with laws, regulations and best practices and financial performance which incentivise investors to increase their support to the microfinance sector.
 6. In February this year, we witnessed the launch of the first **microfinance certificate and diploma program** in Zimbabwe which is being jointly offered by the Harare Institute of Technology and Mustard Seed Consultancy. As financial sector regulators, we applaud this move which was, in our view, long overdue.
 7. In addition to the extensive knowledge that will be gained from the lectures, participants will also have an opportunity to share on ways

and techniques to improve their management systems and efficiency of operations in order to more effectively deliver financial services and therefore enhance both sustainability of microfinance institutions and financial inclusion.

8. Ladies and gentlemen, it is my belief and indeed my hope that this training will go a long way in building capacity in this growing sector.
9. Another major issue of regulatory concern is the focus on payroll lending by most microfinanciers which has led to inadequate support to small and medium size enterprises which are the engine for growth for most developing countries including Zimbabwe.
10. Given the content of this training workshop which include product development, market research, customer service and financial services and the poor, it is my hope that many of the participants will after this workshop, be able to explore the currently untapped opportunities which will have significant positive impact on the lives of the low income groups in our country.
11. I urge all participants to very attentive and to derive benefit from this timely opportunity.
12. Ladies and gentlemen, I sincerely hope that all participants will take this training program very seriously so that the knowledge and skills so acquired can be translated into meaningful development of the

microfinance industry for the benefit of our people.

Regulatory Expectations

13. Microfinance institutions are required to comply with the provisions of the Microfinance Act incorporating the Microfinance Code of Conduct, and to embrace international best practices enshrined in the microfinance Core Client Protection Principles (the Smart Campaign).
14. Proper record keeping is paramount not only for tracking institutional performance, but also for facilitating impact assessments and informed policy decision making.
15. As regulators, we have also noted that financial literacy – a key pillar in any financial inclusion initiative – is an area requiring heightened attention among the Zimbabwean population.
16. It is our expectation that after this training programme there will be a marked improvement in the formalization of operations and record keeping, risk management practices, professionalism in the conduct of business by microfinance institutions and the submission of regulatory returns by microfinance institutions.
17. Microfinance institutions are also expected to implement financial literacy programs for their customers in order to promote responsible microfinance.

Conclusion

18. In conclusion, I would want to reiterate the importance of the microfinance sector in promoting inclusive growth and development in Zimbabwe.
19. As regulatory authorities, we are committed to the creation of an enabling regulatory environment in which the microfinance industry can thrive. In this regard it is my hope that representatives from Reserve Bank, Ministry of Finance & Economic Development and Ministry of Small and Medium Enterprises & Cooperatives Development amongst you will use the knowledge they will acquire from this workshop to strengthen their regulatory and supervisory capacity.
20. It is also my ardent hope that all participants here present, will gain useful ideas and replicate them in their various areas of operation.
21. Once again, we thank ZAMFI and its partners for organizing such a program and hope to see many more such programs in the future.
22. I wish you all a fruitful training week.

I thank you.