

WSBI

24TH REGIONAL GROUP

THEME: TRANSFORMING FINANCIAL INSTITUTIONS THROUGH INNOVATIONS

**TOPIC : AGENCY BANKING
A CASE OF THE PEOPLE'S OWN SAVINGS BANK,
ZIMBABWE**

By

Admore Kandlela, CEO



Simply Possible

What strategy to adopt in order to become a leader in financial innovation in Zimbabwe

INTRODUCTION

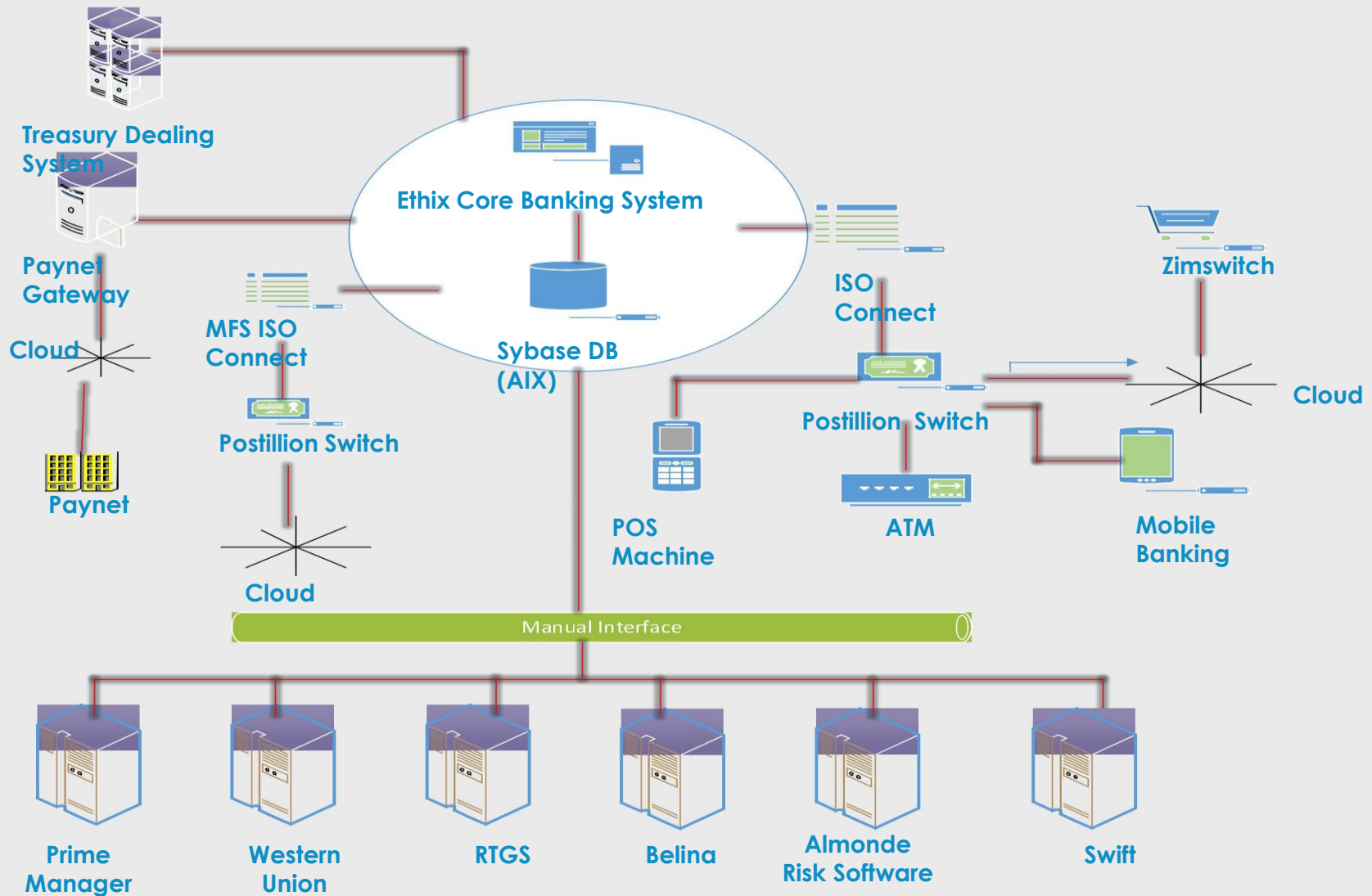
Key questions that emerged from the Annual WSBI meeting in Cape Town as captured by Chris De Noose were as follows;

- *What will Banking be like in 10 to 15 years time?*
- *Will Banking still be done by Banks, or will it be a side activity of the big IT companies, the GAFA (Google, Amazon, Face Book and Apple)*
- *What will become of the Bank branches?*

INTRODUCTION (CONT'D)

In this presentation, will show how People's Own Savings Bank (POSB) Zimbabwe has tried to survive and thrive under 19th Century Buildings, preparing for the 21st Century, given the questions raised in Cape Town under the Agency Banking Model.

POSB SYSTEM ARCHITECTURE





THE OPPORTUNITY

POSB's Financial Inclusion growth opportunities are immense as the Central Bank and Government embrace technology led Innovation and its clear and supportive Policy Framework for Financial Stability.

THE DRIVERS

The POSB Modular System Architecture has led to various Technology and Infrastructure Drivers as the largest user of Zimswitch (The National Payment Switch).

IT currently accounts for over 38% of all the transactions on the Switch.

THE DRIVERS

➤ **High Levels of Mobile adoption and e-payments**

Mobile devices have become more affordable with 11 million customers out of a population of 15 million.

➤ **National Digital Identity Systems**

Government biometric registration programs. This will provide Real-Time verification of identities using a fingerprint scan, Idis or Digital Face print of clients.

➤ **Central Credit Registry**

The Government recently introduced a Credit Data Infrastructure. POSB has seen an opportunity in this registry as it seeks to boost lending to under-served segments as it addresses information asymmetry.

THE DRIVERS (CONT'D)

➤ **Movable Assets Security Registry**

Government has also introduced a Movable Asset Security Registry to introduce alternative forms of Security in a formalized way. Through a Web based Portal companies and individuals will be able to register and cross reference security provided by Small Medium Enterprises (SMEs) and individual borrowers.

➤ **Open Access to Digital Data**

POSB has embarked on use of new data source, WhatsApp Social Media Profile to provide answers to customer facing services. Through use of Artificial Intelligence on the Application Programming Interfaces (API). Simple common customer queries should be able to be answered electronically.

AGENT BANKING MODEL

- Given the opportunities described in the previous slides and the existing drivers, POSB has seen an opportunity in partnering with Non Bank entities who are in advantageous positions to reach to our mutual customer for Financial Inclusion.
- Through the Sponsor Bank Initiative an Agent Banking Network has been created with the following Agents:

AGENTS

- **Zimpost** – The National Post Office network with over 300 Post Offices on an Online Real Time basis. This is via POS and MPOS devices. Service Level Agreement exists on Commercial terms.
- **Meikles Financial Services** with over 64 branches. This is a Retail Chain that has links with a popular chain store Pick and Pay interfacing its own POS devices. We integrate the Agent into the National Switch. Service Level Agreement is also in Existence.
- **Microfinance Institutions** that wish to offer our services have also been connected. After careful screening these Ace Integrated into our system.
- **Social groupings** with potential of 5 million customers are also interfaced into our system on Commercial terms with a Deposit Mobilisation Drive at the centre of the arrangement.

THE AGENT BANKING FRAMEWORK

STAGE I

The POSB adopted the CGAP toolkit in identifying suitable Agents. The Agent Identification Process is premised on the following facts.

1. Ability to maintain sufficient funds and float balances.
2. Customer profile suitable to target client
3. Age, education and experience of proprietor
4. Strategic location
5. Proximity to Banks / ATM
6. Trust of community
7. Business Activities
8. Willingness and motivation of merchants for new products

THE AGENT BANKING FRAMEWORK (CONT'D)

STAGE 2

Central Bank of Zimbabwe Supervision Division has developed Prudential Standards No. 01-2016 /BSD on Agency Banking.

The POSB supervises its Agents in terms of this Prudential Standard. The standard specifies out on how the Bank should proceed after identifying an Agent as follows:

THE AGENT BANKING FRAMEWORK (CONT'D)

1. The Application approval process
2. Transaction Settlement and technology requirements
3. Oversight and Governance
4. Agency operational Requirement
5. Anti-money Laundering and combating Financial Terrorism (AML/CFT) requirements
6. Consumer Protection Awareness and Education
7. Reporting requirements

POSB'S FINANCIAL PERFORMANCE

Financial performance	2013	2014	2015	2016	2017
Operating profit	(209,365)	1,252,084	7,907,511	9,676,430	11,364,006
Treasury investments	9,019,000	10,000,000	34,079,858	52,219,302	68,559,789
Loans	38,657,439	56,304,165	72,668,277	66,790,938	85,416,198
Asset size	89,993,297	105,222,793	133,699,306	164,332,916	226,706,718
Equity	12,448,131	13,410,734	33,000,464	41,192,204	54,446,012
Long term borrowings	2,540,803	1,273,249	815,553	-	-
Liquidity ratio	40%	28%	48%	54%	64%

Thank you!

