

# Financial Inclusion Strategy for Swaziland

SADC DFIs Forum

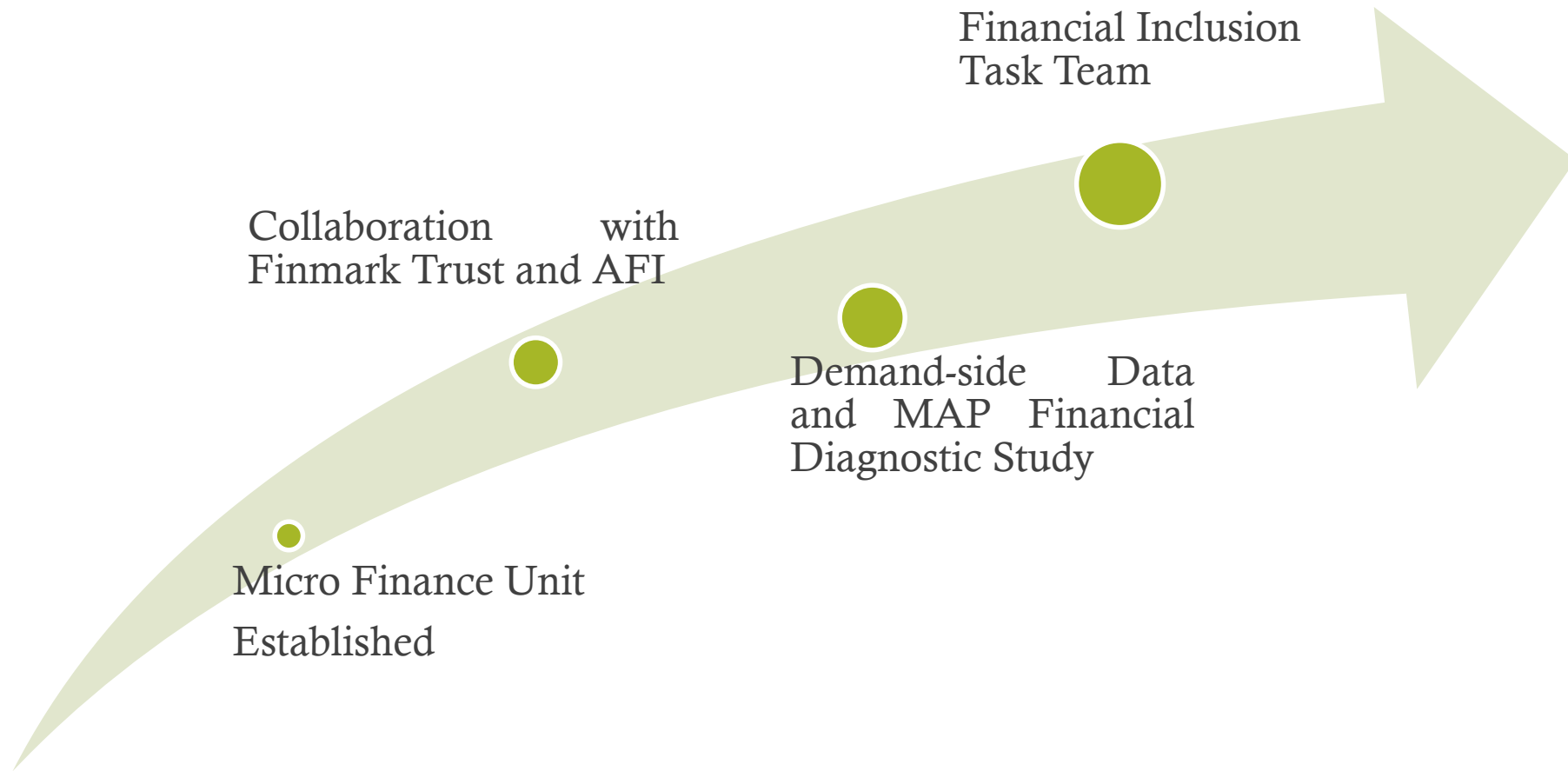
# Presentation Outline

- Background
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- Definition
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- Barriers to Financial Inclusion
- Financial Inclusion Strategy
- Conclusion

# Background

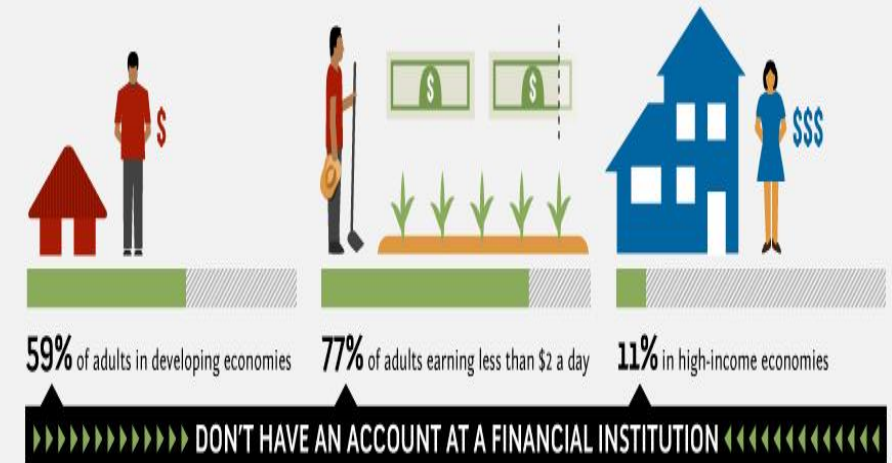
- 64 percent of the Swazi adults **formally served**, and a significant number are **excluded**
- Key access barriers are low affordability and sometimes onerous documentation requirements
- 6% of the MSME sector had a loan from a formal financial institution (Fin Scope Swaziland, 2014).
- 57% of the entrepreneurs relied on friends and relatives to obtain money to support their businesses (UN, 2012)
- Financial Inclusion agenda can be an **enabler for 7 out of the 17** Sustainable Development Goals (SDGs).
- Financial inclusion is a **developmental approach** in which to assist the private financial system **identify market opportunities** to provide affordable and appropriate financial products and services

# Financial Inclusion Journey for Swaziland



# Financial Inclusion Definition

- The delivery of financial services and products in a way that is **available**, **accessible** and **affordable** to **all segments of society**.
- Financial Inclusion plays a pivotal role in combatting **poverty** and contributing to **inclusive economic growth**.



# Dimensions of financial inclusion

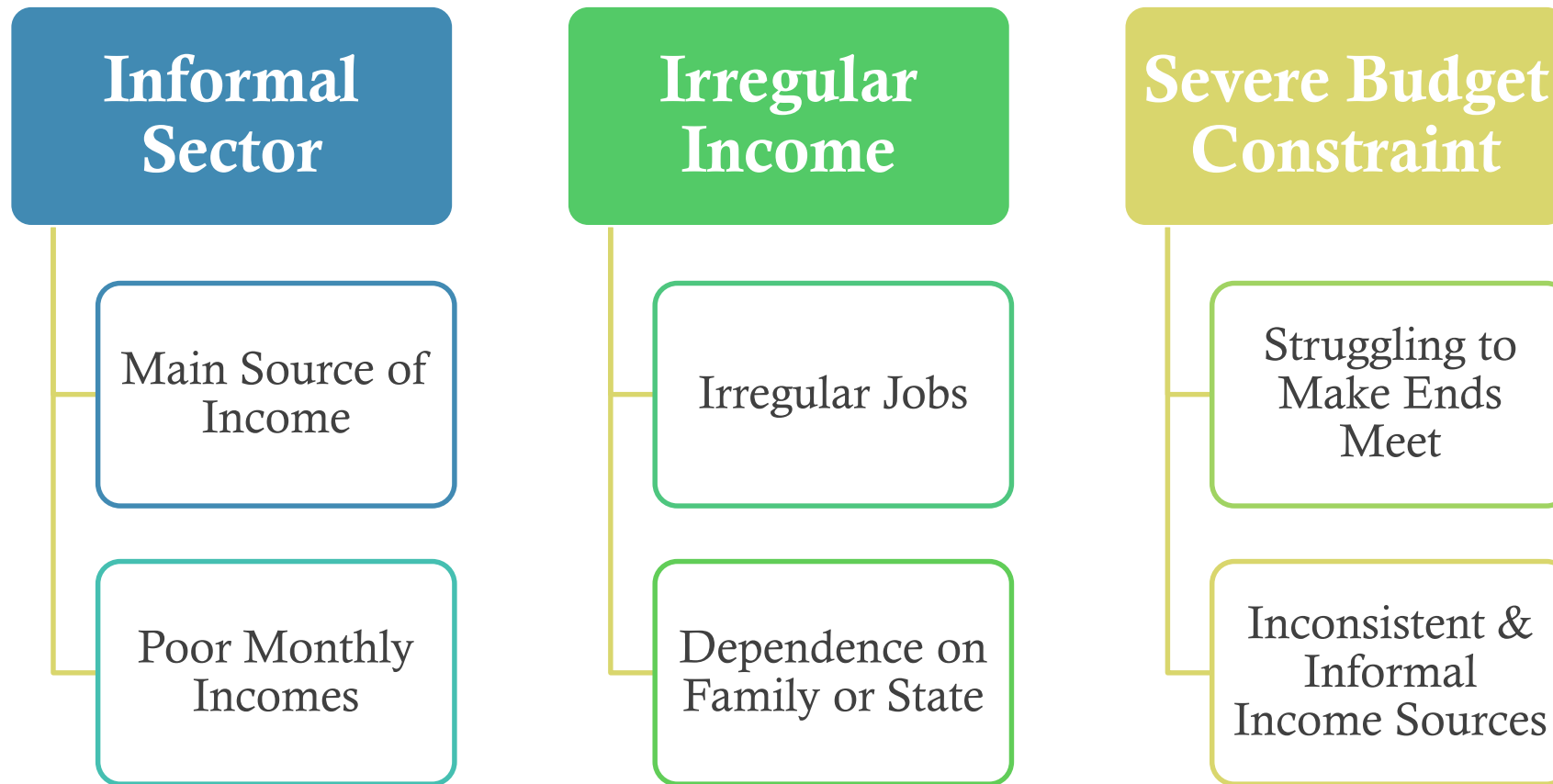
- **Access:** the combination of both the availability and appropriateness of financial products and services;
- **Usage:** the frequency of interaction with the product or service; and
- **Quality:** the combination of product fit, value add, convenience and risk.



# Financial Exclusion

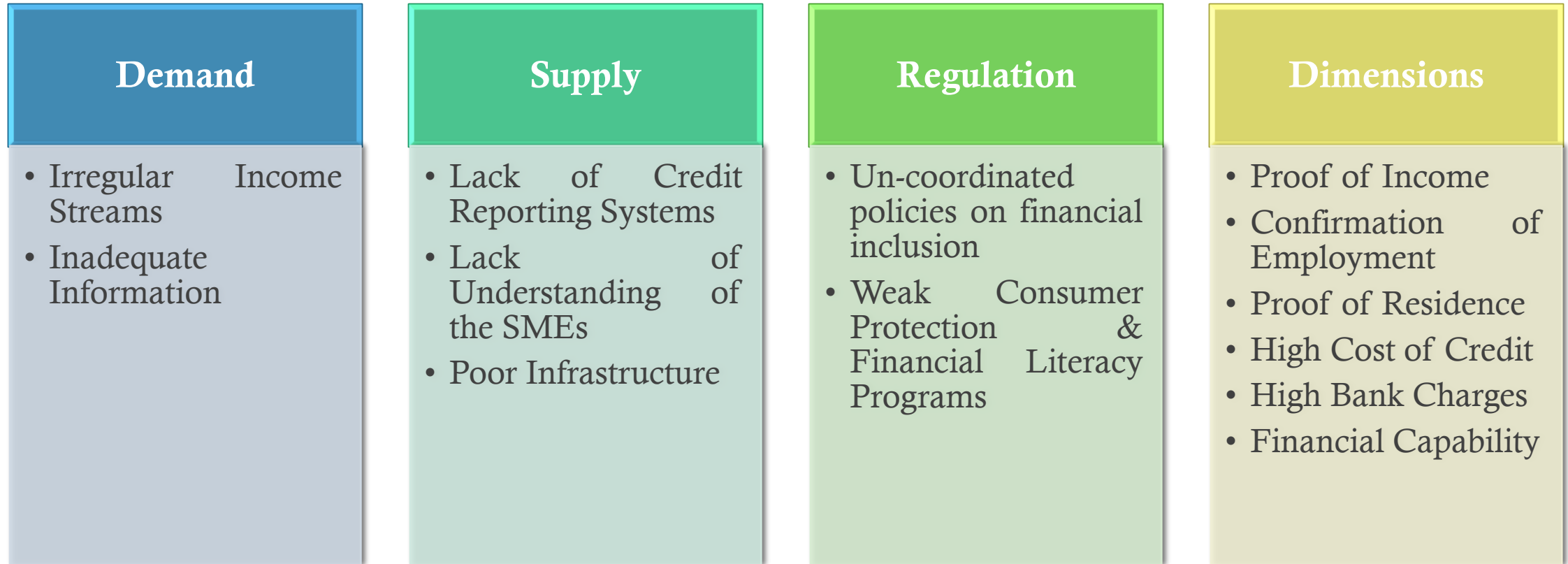
*Inclusion should focus on involuntary exclusion, which results from low incomes and high risk profiles of the un- and underserved segments of society.*

# Financial Inclusion Landscape





# Barriers to Financial Inclusion



# Target Market Segmentation and Needs

## Salaried Workers

Not Primary  
Target Market

Support the  
Target Groups

## Informal Employees & Self-Employed

Credit or  
Savings (Asset  
Accumulation)

Efficient  
Transaction &  
Insurance  
Mechanisms

## Irregular Income Earners

Store Irregular  
Income Safely

Risk  
Mitigation

## Private & State Dependents

Efficient  
Payments  
Mechanisms

Savings &  
Credit

# National Financial Inclusion Strategy

- 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 enable the 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*.
- The **supportive infrastructure and systems** that would *ease access to credit for a well-prepared MSME sector* to contribute to employment creation and foreign exchange earnings.
- Improved access to finance is regarded as **pro-growth** and also a means to **reduce income inequality and poverty**.

# Financial Inclusion Objectives



# Financial Inclusion Vision

- 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.*

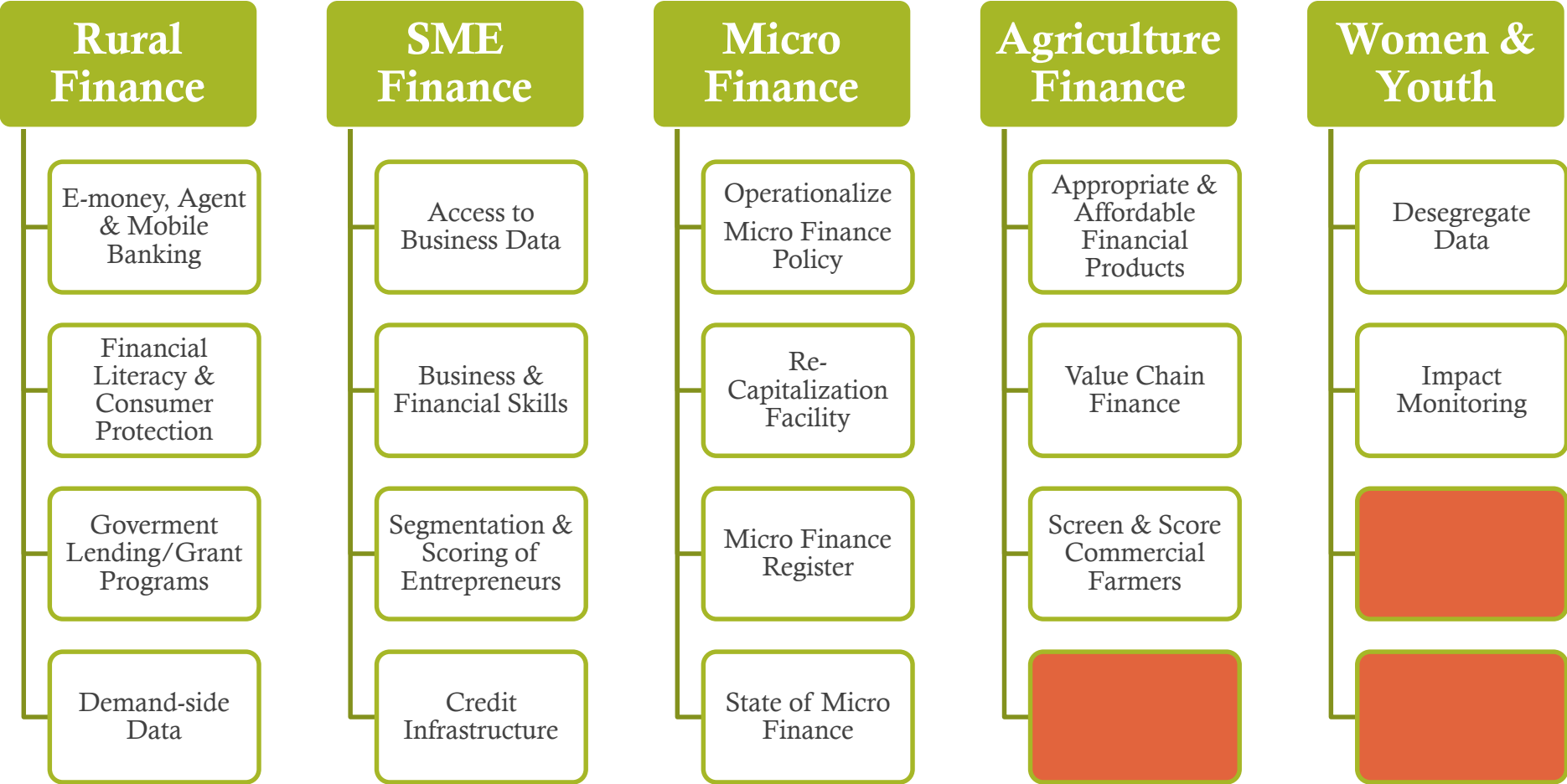
# Specific Strategies

-  Establish the Financial Inclusion Co-ordination Agency
-  Grow the E-money to Transact & Save
-  Low Cost Remittances to Support Vulnerable Groups
-  Expand Insurance to better Manage Risk
-  Expand Productive Credit and Protect Consumers

# Expand Productive Credit and Consumer Protection

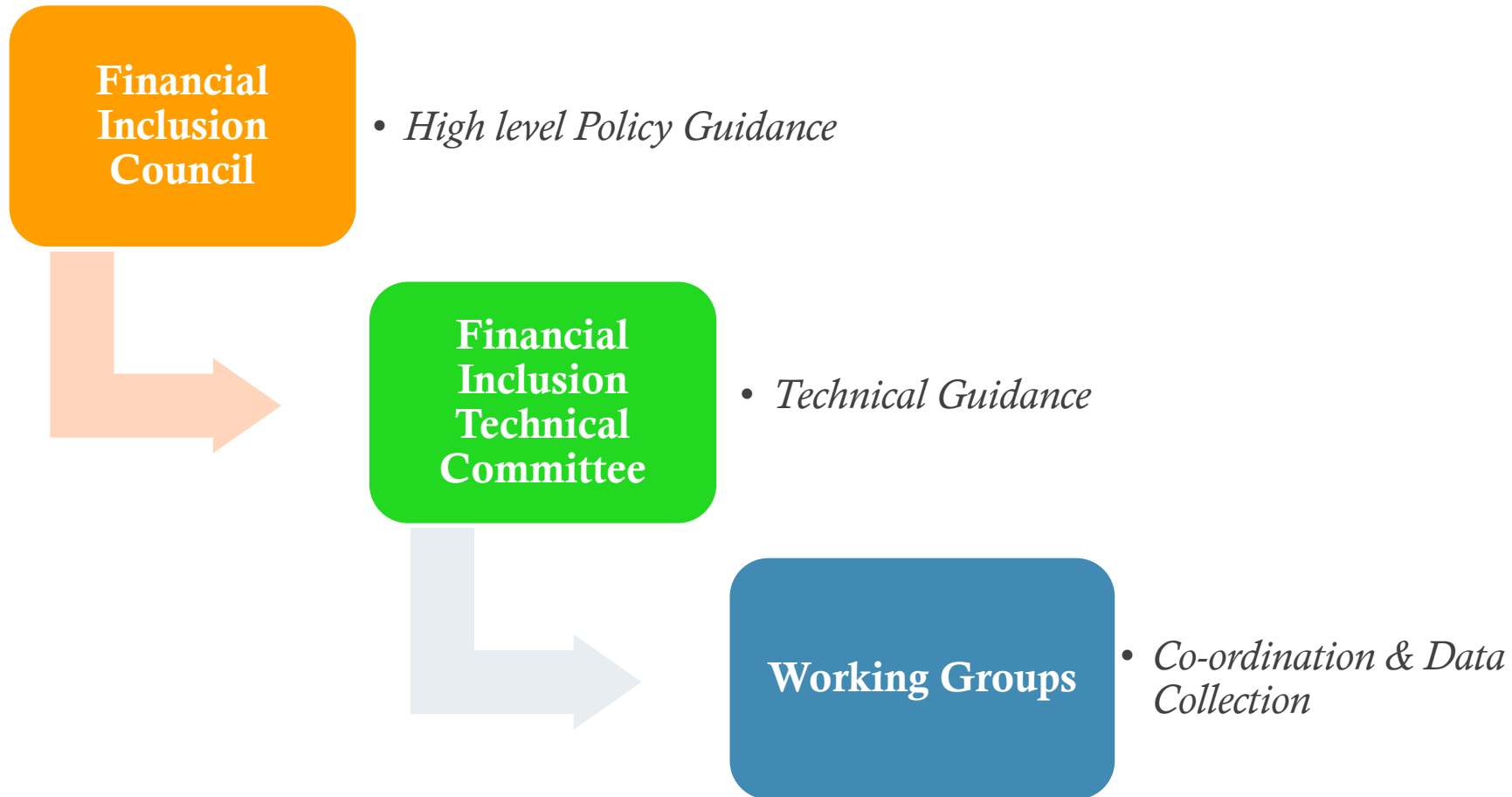
- Improve the **coordination and re-capitalization** for Development Credit Providers (DCPs) to address the MSME market needs;
- Expand opportunities for improving the **credit market** to formalise and extend reach and better protect consumers.
- Promote products such as **savings sub-wallets** for specific goals to encourage savings, particularly through the SACCOs, MFPs and the Building Society.
- Strengthen the role and capacity of **accumulating or rotating savings groups** in providing a community-level savings and credit option for the target clientele.

# Strategic Focus





# Institutional Framework

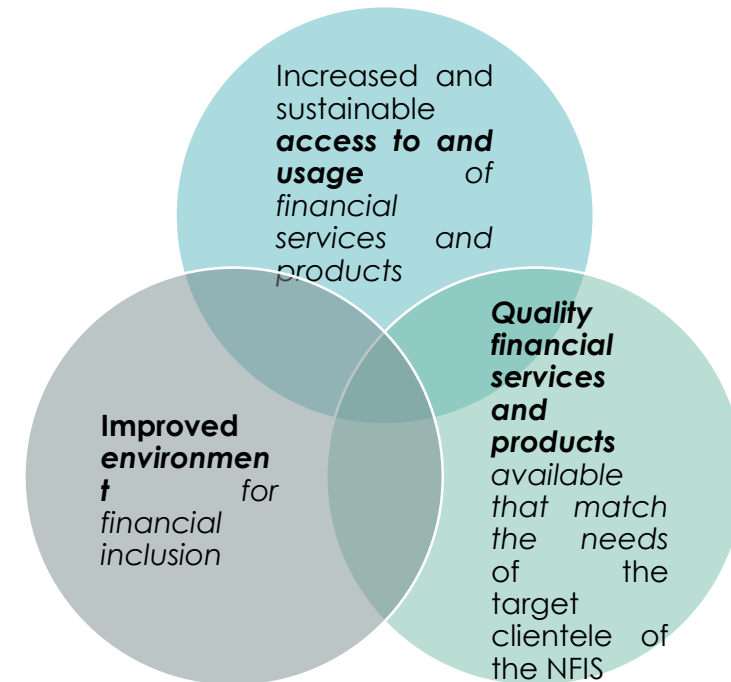


# Monitoring and Evaluation

## Expected Outcome

- Ensure **increased** and **permanent access** to and **usage** of financial services and products by the population.

## Strategic Goals



# Conclusion

- Initiate the **review of this Strategy** annually through *the assessment of targets, evaluation of indicators in relation to national development plans.*
- Conduct and issue the annual **State of Financial Inclusion Report**

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*Thank you for your Attention*

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