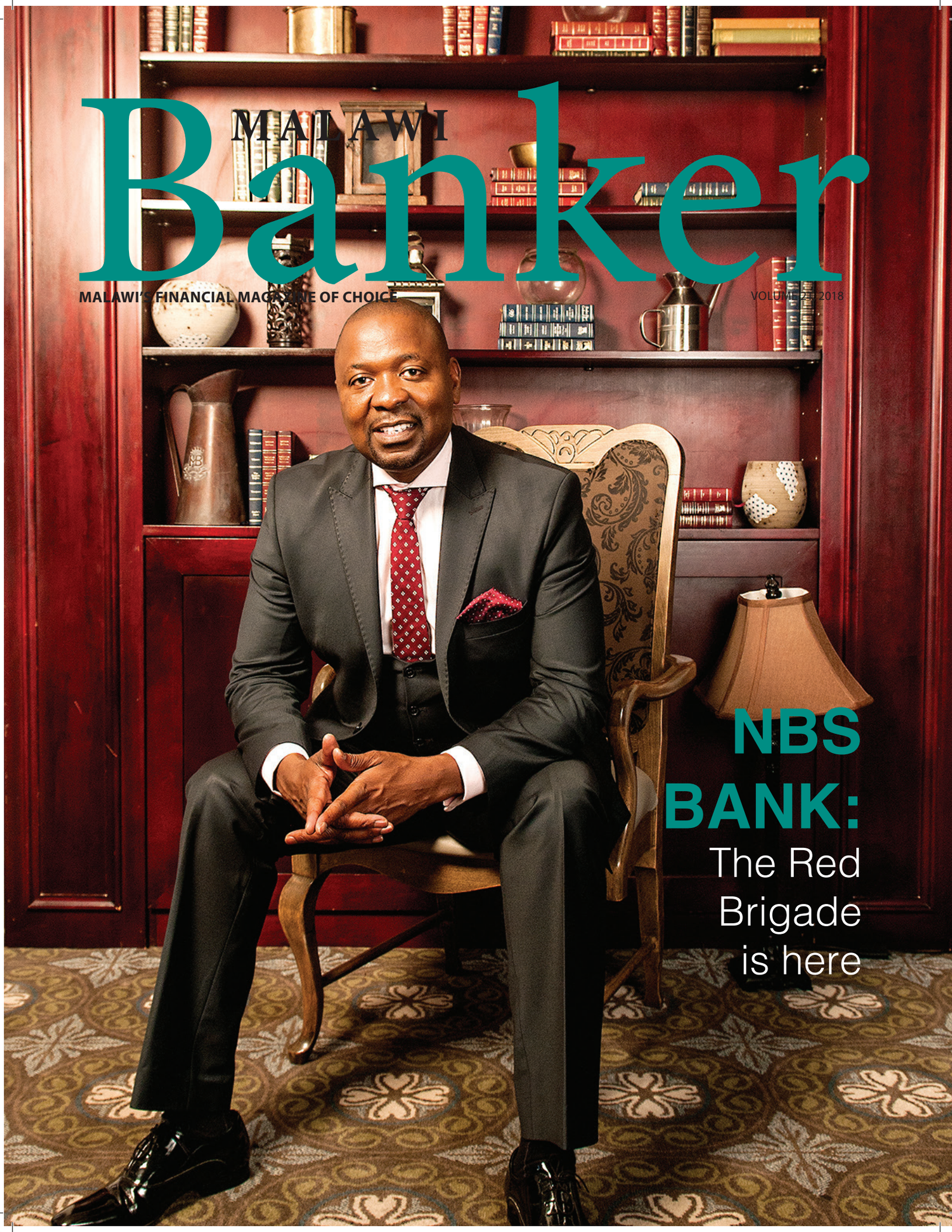


MALAWI Banker

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VOLUME 2018

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LOOKING FORWARD TO A BRIGHT FUTURE

> "We can as well be optimistic that as banks are becoming competitive with low interest rates, the government would consider local banks the first priority when seeking funds for projects."



First things first, the new year has come with changes. High in the banking industry is the rise to the leadership helm of Mr. Paul Guta, the Nedbank Managing Director who is now the President of the Bankers Association in Malawi. Please join me in welcoming Mr. Guta to the mantle and let us accord our President and the entire BAM Council our unreserved support. The optimism in the Banking sector is well premised on the basis of the macroeconomic indicators that are taking a positive turn. The year started when interest rates had significantly gone down. Great optimism crept in as total import cover has gone to beyond three months; great optimism because inflation has eased to a single digit; great optimism because there has not been astronomical movements in foreign currency exchange rates. The banking industry is therefore better positioned to leverage on these economic indicators to become more profitable. We can as well be optimistic that the non-performing loans (NPLs) will reduce as the lowering down of interest rates offers relief to borrowers. Over the years, the government has been borrowing from international lending institutions. Possibly now the Buy Malawi philosophy that the government is endeavoring best to promote will embrace local banks as well. Banks in this country have the capacity to support developmental projects. Competition in the industry has been stiff. Different players have been segmenting markets and providing tailor made banking solutions. 2018

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seems to follow the same pattern. More products and services are being pushed into the market for the benefit of customers and customers' acceptability of the products has been overwhelming. This is where the relevance of the banking industry is well manifested. In supporting the banking industry, the Association will look at means and ways of providing value to its distinguished members. Key among value adding elements is stakeholders' engagement. The Association will increase levels of cooperation with key stakeholders and members will regularly be informed to that effect. The Bankers Newsflash has already been working wonders, becoming a communication tool that keeps you all informed of trends taking place in the industry. Please keep sharing with us your views so that we are able to improve more. Looking forward to this year, 2018, we still have to expect that the power of technology will remain the driving force and distinguishing element in the industry. The customer expects faster and better service delivery from banks. The nowadays customer is more demanding, needing to be helped as much quickly as of yesterday. In this day and age, efficiency of banks in customer satisfaction is therefore being complemented with technological advancements. Significant investment in technology is therefore vital. Phil Goldstein tells the banking industry that APIs, artificial intelligence, easier mobile banking, new forms of security authentification and the internet of things will help banks modernize their technology. We will be committing suicide if we consider these elements to be only applicable to the industry in the first world. Technology is breaking the barriers and we just have to accept the trends and go along if we have to be competitive and remain relevant on the market. We can no longer use the strategies of yesterday to solve the problems of today. Inability to adapt to technological trends and changes will make us obsolete and wipe us off the map of the banking industry. In 2018 we are also geared to ensure that the magazine is your companion during each and every quarter of the year going forward. It is the commitment of BAM that you have on your table, every quarter, a professionally written magazine rich in industry wide content as well as insights on matters of common interest in the Malawi economy in addition to the regional and global trends. This is in full realization that the banking fraternity cannot soldier on successfully if it is alienated from its stakeholders. In this regard therefore you are requested to enrich your favourite magazine through contribution of articles. The BAM magazine is meant to be the leading professional magazine that will provide critical, timely and relevant economic, general management and leadership insights that are meant to propel forward the economy of this country. It is in the interest of BAM to ensure that the magazine becomes the key communication tool for the industry and the leading professional magazine in the country. Within the parameters of the stated scope, the corporate world can as well see the magazine as the best platform through which they can promote their superior products and services to bankers and all other stakeholders that are recipients of the magazine. Advertising in the BAM magazine enhances brand value, brand identity and brand preference. You are encouraged to take the opportunity to be on this vehicle that reaches out to a lucrative and profitable market. Finally, let us all work together in this year. Together we can achieve our dreams and together we can make a difference. I wish you all great success. Special thanks for the support you are rendering to the Association.

VIOELETTE SANTHE

CEO, Bankers Association of Malawi

> "The customer of today is highly tech-savvy. The era of Brick and Mortar banking is fast fading away before our own eyes. The customer of today and the future wants utter convenience."



I count it as a special privilege that I can share my maiden message in this issue of the Banker Magazine. For starters, the myriad of expectations that the Banking and Financial Services sector as well as Industry and Government at large have on Bankers Association of Malawi (BAM), Council and its Executive Committee as well as my office at BAM in particular, are well known and fully understood. It truly excites me therefore, that I can take up this mantle of responsibility with the full support of the BAM Council to both sustain what has been a distinguished and successful organization but at the same time also build on what our predecessors have achieved thus far. I can therefore only look forward to better times ahead as we together build the Bankers Association of Malawi and the Banking Industry at large to attain greater heights in the times ahead of us.

As we take off in this issue of our truly educative and insightful Magazine, I find it of essence that I, on behalf of Council, pay tribute to the great leadership exuded by my predecessors. Of special mention are; Mr. Andrew Mashanda, and Ms. Bernadette Mandoloma, under whose leadership we devised the current Strategic focus at BAM which takes us unto the next two years. I will also be quick to recognize Mr. Misheck Esau who, now being the sole past president at BAM Council, is readily available to provide the much needed guidance and institutional memory at any point of call as and when I or BAM require his input and involvement. It is because of great leaders like these, that BAM as a council and a unit has found itself well-endowed with the kind of wisdom, knowledge and experience, that if well tapped and directed in the right channels, should give rise to positive contributions towards the economic prosperity of our mother Malawi, which every citizen aspires to experience.

Without a doubt, the common challenges that we face as a sector go without numbering. Notable among many include the high service delivery expectations from our customers – be they Corporate, SME and Retail alike. The customer of today is highly tech-savvy. The era of Brick and Mortar banking is fast fading away before our own eyes. The customer of today and the future wants utter convenience. They demand ability to access services wherever they are, whenever and however they want. Cash is king in

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GLOBAL BANKING & FINANCE REVIEW AWARDS
BEST CUSTOMER SERVICE BANK MALAWI 2017

GLOBAL BANKING & FINANCE REVIEW AWARDS
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- Gateway Mall Branch
- City Mall
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- Area 2, IQ's Building

MZUZU

- Mzuzu Branch
- Katoto Filling Station

KASUNGU

- Kasungu Branch

MANGOCHI

- Mangochi Branch

ZOMBA

- Zomba Branch

BLANTYRE

- 2 ATMs at Limbe Branch
- Blantyre Branch
- Chichiri Branch
- Lotus Motors
- Kudya Shopping Mall
- Northgate Arcade
- Machinjiri Luanda
- BT Crossroads Hotel
- Kameza Puma Filling Station
- Fatima Arcade

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our society today yes, but for how long? New innovations in the area of Money Transfer, MNO generated Lending transactions (howbeit at low value transaction levels for now) have come to stay. Of note is that these are accessible to the greater population and are obviously food for thought for us as an industry. It means then, that as a sector, we have to rethink our product offering and distribution approach. The demands for inclusive banking are on us all. It remains a fact that in excess of 60% of the money in Malawi is exchanging hands outside the formal banking sector. Question is: how do we tap into this money for the good of our sector and the economy of Malawi as a whole? Coming off a high inflation and interest rate regime, the expectations in the market remain high on how swiftly as a sector do we respond to the positive and downward trends in the macro economy. Non-performing Loans remain a challenge on the back of the market expectation that credit extension in our sector is well below what should be – rightly or wrongly so! The threats of cybercrime remain high; requiring all of us to be supper efficient in our defence mechanisms towards this real threat at our doorsteps. Then there is the stricter and more stringent regulatory environment that the sector has to inevitably ascribe to… This places enormous compliance pressures on the industry players, leading in some cases to significant investments in our respective businesses to ensure compliance. No doubt therefore, that as a sector, we need a strong united voice that should not only focus on building a strong and resilient banking sector in Malawi, but also contribute positively to the growth of our country's economy.

It is without debate that all agree that Banks are not just the engine room of growth in our economy - they are actually the heart and soul of it! It is for this reason therefore that at BAM, we believe time has come for us to raise our profile and claim our true position and share of voice in the shaping of our industry and our country's economy.

As we take-on the months and years ahead of us therefore, we at BAM look forward to our future with unspeakable optimism. We take cognissance of the fact that we work in no isolation with other key stakeholders in the advancement of our agenda as an industry. In that regard, we are keen to be agile, as well as be ready to speak with a united voice before the ink is dry on matters that affect our industry. Our intent going forward is quite clear. We must command a good share of voice in all areas that impact our operations and affect the success of our industry. We must do so with great enthusiasm and charisma. For this reason, we have identified specific areas of importance that we shall be driving as BAM going forward. For me in particular, nothing can be more exciting than to realise that the entire BAM council is aligned towards this drive. I thus enjoy it being the humble pie in the big club of the wise men and women in the BAM Council.

This issue of the Magazine is the first for the year. We remain with a strong intent that going forward, we will be more regular, with richer and more insightful articles for the benefit of our readers. We realise that matters of banking affect everyone. In that regard then, our articles going forward will be broader, tackling the areas of importance that we at BAM believe that with appropriate focus and united will power, should help our sector and the economy grow from strength to strength. Beyond the magazine, we will be organising a number of interactive forums where we shall be taking-on the thought leadership challenge to the next level, as we make our humble contribution to the economy and drive our industry to greater heights.

Distinguished readers, it is a special honour therefore; to wish you an exciting and insightful moment as you flip through this 1st issue of the Banker Magazine in 2018.

Enjoy your reading

PAUL GUTA
PRESIDENT
Bankers Association of Malawi

National Bank of Malawi plc

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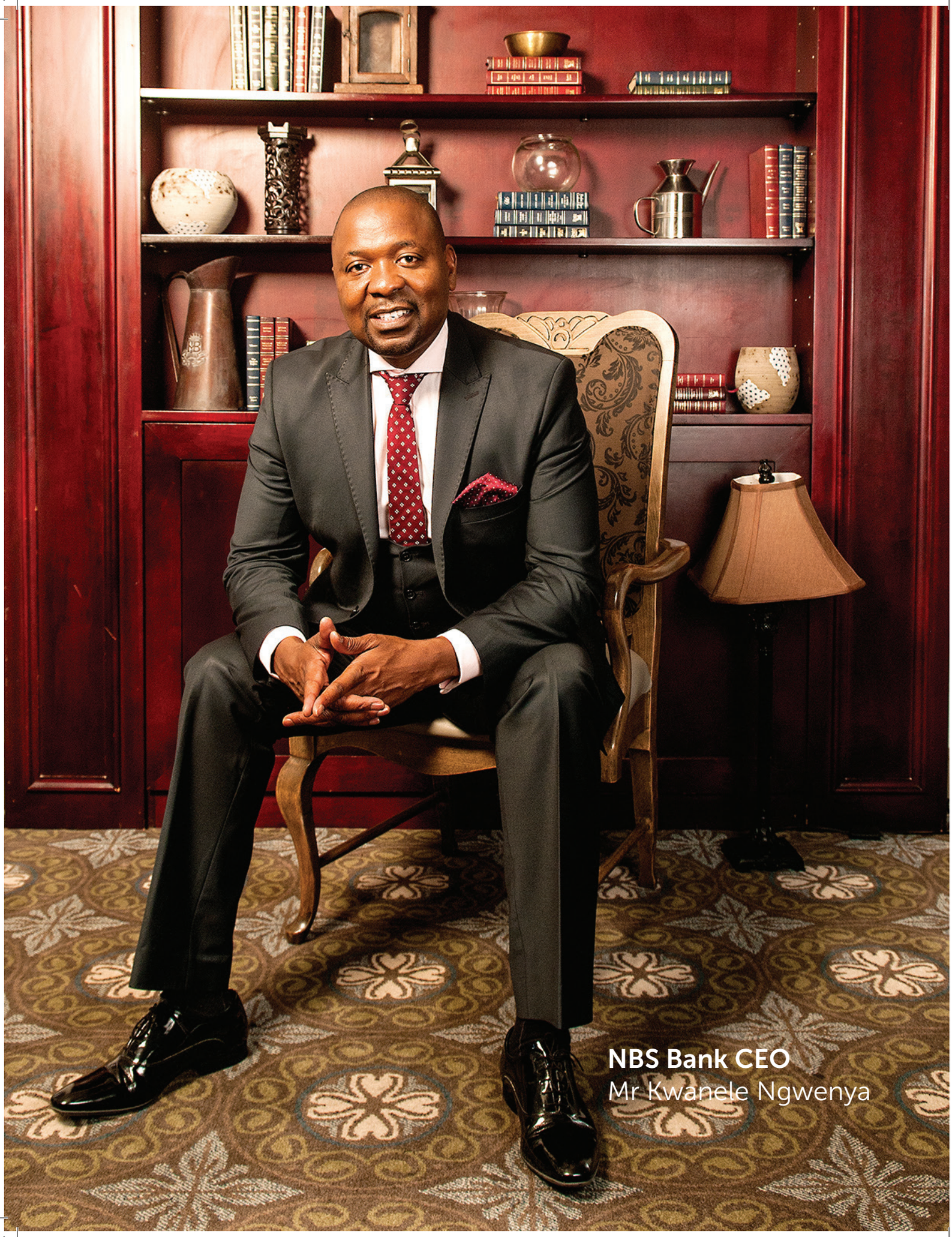
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The Bank of the Nation



NBS Bank CEO
Mr Kwanele Ngwenya

NBS BANK:

THE RED BRIGADE IS HERE!

In the sometimes murky waters of banking, NBS Bank stands as a colossal that has withstood the winds and tests of time. NBS Bank was incorporated as a limited company on 14 March 2003 and registered under the Banking Act 1989 on the 1st March 2004.It started commercial banking operations on 1 July 2004.While it has not all been smooth sailing, the bank is on the rise again and is keen on taking the lead in many areas on the market. George Damson caught up with NBS Bank CEO Mr Kwanele Ngwenya for a wide ranging interview. Read on.

You will soon clock a year in your role as CEO of NBS Bank, how has been the journey thus far?

It has been an interesting journey thus far. I have constantly been determined to see my dream become a reality – which is to lead an African bank that is purpose driven and plays in both the local and international space. The past year with NBS has been as exciting as it has been challenging. 2017 was the start of a new transformation journey for the Bank and I am excited to be at the helm of this transformation, leading a team of talented professionals to implement our 5-Year Plan. We managed to re-capitalise the Bank, thanks to the support of our shareholders and their belief in our ability to turn things around. There is still, however, much work to be done in terms of growing the top-line and then managing our costs and boosting our revenue streams to get out of the red and reclaim our position as a leading bank in Malawi.

The bank went through a recapitalisation and restructuring process. How did that process go and how has it made NBS Bank better than before?

Prior to the recapitalisation exercise, the bank was faced with the challenge of inadequate capital which incapacitated us from taking up opportunities that the environment offered. We were also unable to make necessary investments to catch up with the rapid changes in the Malawian banking environment. We were, therefore, losing relevance to the customer, which in turn had a negative effect on some of our major income lines, like the lending business. Loss of revenue in such income streams obviously impacted on our bottom line and led us to the loss that was declared in the recent past. We managed to raise extra capital through rights issue, which as you know, was the most successful rights issue in Malawi to date, raising K11.8 billion.

With the additional capital, we are now able to serve Malawians better through unparalleled customer service and development of world class banking solutions. This prospect is even more promising because of the investments that we have undertaken in our delivery channels, a new market oriented organization structure and cutting edge training to our staff members. The additional capital has, therefore, strengthened the bank and I can happily state that we are on course towards taking our rightful position as a leader in the Banking industry.

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Is your 5 year strategic plan on course? What strides have you made so far?

The bank's five-year strategic plan was implemented in January 2017 as a genesis to turning around the organization. In this exercise, we roped in our technical partner Rabobank of the Netherlands so we could benefit from their first world banking experience. The focus in the first year was on cleaning up our systems and processes and ensuring that the team has the means, ability and tools to excel in the market. We are now adequately equipped and geared towards achieving our set goals

This plan, which is transformational in every aspect and spans to 2021, is indeed bearing fruits. I can boldly state that, among other benefits, we are now becoming more agile and customer-centric and more robust in risk management and innovation. We are striving each day to achieve our targets and to transform NBS to the top 3 biggest bank in Malawi with a variety of products and solutions that are not only practical but relevant for today's consumer market. This is likely to result into delighted customers and better returns to our shareholders.

On the innovation front, what has NBS Bank done to make the lives of its customers easier? What products and services have you introduced?

In line with our philosophy of "taking banking to the people," the bank boasts of having one of the widest networks and we are tirelessly working on constantly improving the service network in Malawi. Banking is beyond branches and ATMs; it's about real-time service, anytime and anywhere. My team and I would like to see NBS everywhere, not necessarily with physical brick and mortar, but with focus on development of a robust last-mile infrastructure.. Our focus is on developing product and solutions that are EAZY to access, EAZY to use and EAZY on the pocket for our customers. Our Bank Pafupi and digital solutions, such as EazyMobile322, are some of the key ways of increasing our reach across the country and enabling our customers to access banking services easily and around the clock.

On the national front, we are also playing our part towards contributing towards development. One example is the appointment of the Bank to arrange and manage a medium term K7bn bond issue for Roads Fund Administration(RFA) The bond has been issued to finance the rehabilitation and construction of the Area 49 to Parliament Dual Carriage Road in the City of Lilongwe and construction work for the project has since begun.

What benefits has NBS Bank derived from having brand ambassadors like Fredokiss?

We, as a Bank, have been looking for ways to better engage the youth and interact directly with them in order to understand their needs and develop more relevant and affordable banking solutions for them. The partnership with Fredokiss is certainly a solution and the bridge between us, as Bankers, and the youth. We want to see financially responsible youth in Malawi and this can be achieved by giving them access to financial services. With a particular focus on our Khenge Student Account, Pafupi Savings, Banki Pafupi and EazyMobile322 brands. Together, these products bring banking out of the banking hall and into the community, and provide individuals with affordable and easily accessible banking solutions.

What is your personal view on the mergers that have taken place in the banking sector of late?

The mergers have had positive results in terms of ensuring viability and stability in the banking sector. Fewer banks mean fewer opportunities for bank failure and therefore more security for customers in general. At the end of day, all our actions as service providers should leave customers better off and I believe mergers do result in better service delivery through economies of scale and consolidation of skills between the two merging entities. As NBS Bank we welcome any initiatives that strengthen the sector and enable healthy competition as this keeps us on our toes and keeps us focused on delivering exceptional service to our customers.

What are the major challenges facing the banking sector in Malawi and what can be done to address them?

The African market is tough; it requires us to invest a lot in skills development and capacity building. Like any other developing country, the

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issues of investment in infrastructure, reducing unemployment rate and other socio-economic challenges are the key areas of focus. With that said, we need to face our own challenges and collaboration is key for the total transformation of Malawi's economic outlook.

In addition, the blurring of industries is becoming more and more evident where industries are operating outside the norm. For example, Telco's are now offering banking services, thus banks need to tap into these opportunities and close the gaps by creating and following the sources of money and its destination. For instance when you look into agriculture instead of playing a role at the end of the cycle banks should create opportunities or create enabling environment from the beginning to the end of the farming supply chain.

What is your overall assessment of the economic environment in Malawi at present and what can be done to make it even better?

The economic environment has been turbulent for some time now, compounded with erratic power supply which has affected many businesses. As you are well aware the economy is predominantly agro-based and the unpredictable climate conditions have had a negative impact on economic growth. We need to invest in and develop other sectors such as mining, tourism and manufacturing to grow our GDP, and we need to act fast. I believe the key to unlocking the potential in these sectors lies in entrepreneurship development and NBS is keen to support small and medium prices that have high impact ideas in these areas. Being rated 26 regionally and 130 out of 137 worldwide by the Global Entrepreneurship and Development Index, is evidence that one of the areas of concern for Malawi is start up skills. There is a dire need for strong partnerships to develop a pool of skills necessary to transform what may currently be seen as "hobbies" those hobbies into potential businesses.

With the right business and financial support services, entrepreneurship in Malawi can be enhanced tremendously. SMEs are the key to creating employment while at the same time responding to consumer needs as they have the ability to act more swiftly. We need to provide financial solutions and advisory to ensure their long-term sustainability and our dedicated SME bankers are on the ground to better understand SME challenges so that we can provide solutions that are relevant to them.

How can Malawian banks stay up to date with global trends and innovations?

Through continuous research in the global industry and creativity with what's trending in day to day lives of customers. It is vital to always keep a close ear on what the customers are saying and looking for ways to constantly cater to their day to day needs with simplified banking solutions. I strongly believe that learning does not only come through a classroom but is more effective through actual experiences. We are constantly providing opportunities for our staff, across all functions, to visit more advanced economies and see and experience what is being done there and use this to develop more innovative solutions in banking.

What are some of the key challenges the bank has faced during your reign as CEO and how have you been able to address them?

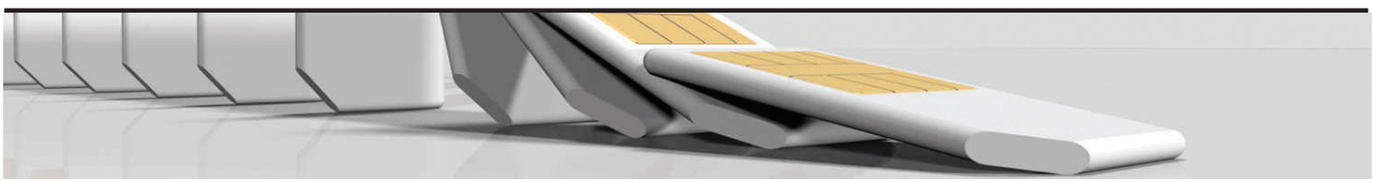
The biggest challenge we faced was capital inadequacy, which was addressed by the successful rights issue. The other challenges have been cross-cutting across the business and I ensured that we had the necessary skills to address these challenges. We hired new talent where there were gaps and upskilled existing staff members where necessary, and ensured that we had the right people in the right roles. My role is really to motivate the team to solve any challenges and ensure that they have the necessary tools to do so. I can assure you that we now have one of the most talented teams, called the Red Brigade, and we are working around the clock to ensure the stability of the Bank. ■



SIMCARD REGISTRATION EXERCISE

"MACRA is not a security agency to have a spy machine. We don't have such a machine."

Malawi Communications Regulatory Authority, (MACRA) recently announced a sim registration exercise for all mobile phone users. The exercise has been met with mixed feelings by a lot of Malawians. **George Damson** sought the views of MACRA's Communications Manager, **Clara Mwafulirwa** for her views on this and other matters. Excerpts:



What prompted MACRA to introduce sim registration?

It is a legal requirement to have sim cards registered. Section 92 of the Communications Act (2016) stipulates that a person who uses a generic number or owns or intends to use a SIM card for voice telephony services shall register that generic number or SIM card with any electronic communications licensee or with the distributor, agent or dealer of the electronic communications licensee, authorized to provide or sell generic numbers or SIM cards.

Was there any prior awareness or communication to concerned parties before the press release announcing the need for registration and the deadline?

Members of parliament are the ones who passed the law and as such they were aware because they were consulted prior to the passing of the law. MACRA has been working with operators since the law became effective. Awareness for the subscribers kick started after the announcement.

What in your view has led to the pessimism about the exercise?

Any project no matter how well planned it may be is bound to face bottlenecks of some kind especially where you are dealing with people directly. This was expected and all that is needed is constant feedback to clarify issues being raised.

Social media rumor mongering contributed to the pessimism but we are happy that we got an overwhelming positive feedback from the general public who felt the exercise was worthwhile.

Given that most Malawian households do not have proper addresses; will this not compromise the accuracy of the data people are submitting?

Not at all. The documents that are required for this exercise are sufficient to identify an individual.

What mechanisms are in place to reach people in remote areas with the registration awareness?

Operators are putting in place modalities to register sim cards in the rural areas one of which will be to empower agents across the country to be able to do sim registration. Arrangements are also being made to have subscribers registered on market days whose dates and places will be announced by the operators.

Meanwhile MACRA is conducting a countrywide awareness campaign and operators are using this opportunity to register people.

Are you at liberty to describe the purpose of the so-called "spy machine" which a lot of people are pessimistic about and think it's meant to spy on them?

MACRA is not a security agency to have a spy machine. We don't have such a machine

Is there a new deadline for sim registration? If so when does the exercise end?

The initial deadline was 31st March 2018 however because of the suspension of the exercise by government; a new deadline will be communicated at a later date. Meanwhile we have embarked on a country wide awareness campaign and operators are using this opportunity to register people. ■



Malawi Banker Magazine caught up with the only female CEO of a banking institution in Malawi at present, **Zandile Shaba** of New Finance Bank to shed light on her career and life in general.

Briefly tell us about your background .Who is Zandile Shaba?

Well, Zandile is a Zimbabwean who grew up in Zambia when her parents were in exile. Her father was a chartered accountant and her mother was a nurse in Zambia. For Secondary school she moved to Swaziland and subsequently to Zimbabwe after independence, when her parents went back home. She has been in the banking industry all her working life and rose through the ranks through the Corporate and Investment Banking routes. She has had a regional banking career, having worked in Zimbabwe, Mozambique, Zambia and now Malawi.

She is married to a Malawian, Tadeyo Shaba, whom she met whilst working in Mozambique. They have two children, a boy and a girl, who are both studying in Zambia.

How did you end up at New Finance Bank Malawi?

I knew one of the shareholders when I was CEO for BANC ABC, Zambia because we went to the same church. There was a time I briefly retired from Banking and he asked me to join Finance Bank Zambia (FBZ), where I mainly worked on handling the sale of FBZ to Atlas Mara. I was also overseer of the Finance Discount House unit. Last year, an opportunity arose for me to move to New Finance Bank Malawi. Since my husband was already here, I decided it was time to come home.

Who or what influenced your career path to be where you are today?

I was inspired by Douglas Munatsi. He used to be the group CEO at BANCABC. He developed in me a culture of reading books and by working with him I developed a 'can-do' mentality. I was there when BANCABC started, and he set out a vision about going regional and expanding the bank. It was a small Zimbabwean bank and at the time that vision looked impossible. But tremendous things happened nonetheless. If you have a vision, all things are possible. Risk is there to be mitigated, but it is also there to be taken. You have to think big and assume no limitations.

Tell us about your academic and professional development.

I hold an MBA from National University of Science and Technology of Zimbabwe and a BSc (Hons) in Political Science and Administration from the University of Zimbabwe. The academic process opens the mind and

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> "One of my dreams is to send 300 little children in Malawi to school, from kindergarten to University. Every time I see a little one walking around in Malawi I always think about that. That is my dream and I am working out on it."

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expands your capacity to receive and absorb knowledge. But most of what is learnt is acquired outside academia and that has been my experience. That is why I find it important to read and explore what is out there. With the internet, we have very little excuse for ignorance in areas we choose to focus. So I read a lot and watch a lot of educational videos on various subjects.

As CEO of a bank, what do your key day to day roles entail?

My number one role as CEO is strategy formulation and execution. I also organize and direct the affairs of the bank subject to the existing policies and powers delegated to me by the board of directors. I am responsible for supervising all the business units and steering them towards the attainment of all agreed operational and financial goals, within the overall strategy of the bank.

What challenges is the banking sector in Malawi facing?

Banks in Malawi face a number of challenges that are common to banks operating in most of Africa. The usual challenges revolve around energy, connectivity and accessibility. The banking sector in Malawi is also still developing and a large part of the population remains unbanked.

What can be done to address these challenges?

Although a large section of the population in Malawi is unbanked, many more have embraced mobile phone technology. This provides banks with a tremendous opportunity to bring to market innovations and technologies that have a major social impact and can transform people's lives. We are looking forward to leading that transformation. .

The world keeps going mobile and digital. What is your take on digital innovation in banking?

With the structural challenges faced in most African countries, it makes sense to focus on delivering most of our banking services through the digital route. But this also requires great investment in financial literacy so that we can encourage the uptake of digital banking. Strategic networking with mobile operators and technological companies to find out ways so that we go to markets with these innovations is a way to go and the way to reach everyone quickly.

Given your successes, what can you say to other women both in the banking sector and other sectors?

I will talk about a book titled 'Lean In', by Sheryl Sandberg, the Chief Operating officer of Facebook. There is a part of that book that talks about women taking their place at the corporate table. Women need to "lean in". Tradition and culture is applicable at home, but not in the work place. If you are CEO, then be the CEO and make no apologies for being a powerful woman. But you can only do that if you are confident in your abilities. So work on your abilities and become the best qualified for your role. Never allow yourself to be a token "gender" appointment. Work on being the best and confidently take your seat at the table.

How do you spend your time away from your day to day job?

I travel, read and spend a considerable amount of time with my family. In addition, I do socialize and go to church. But I like my privacy too (she smiles).

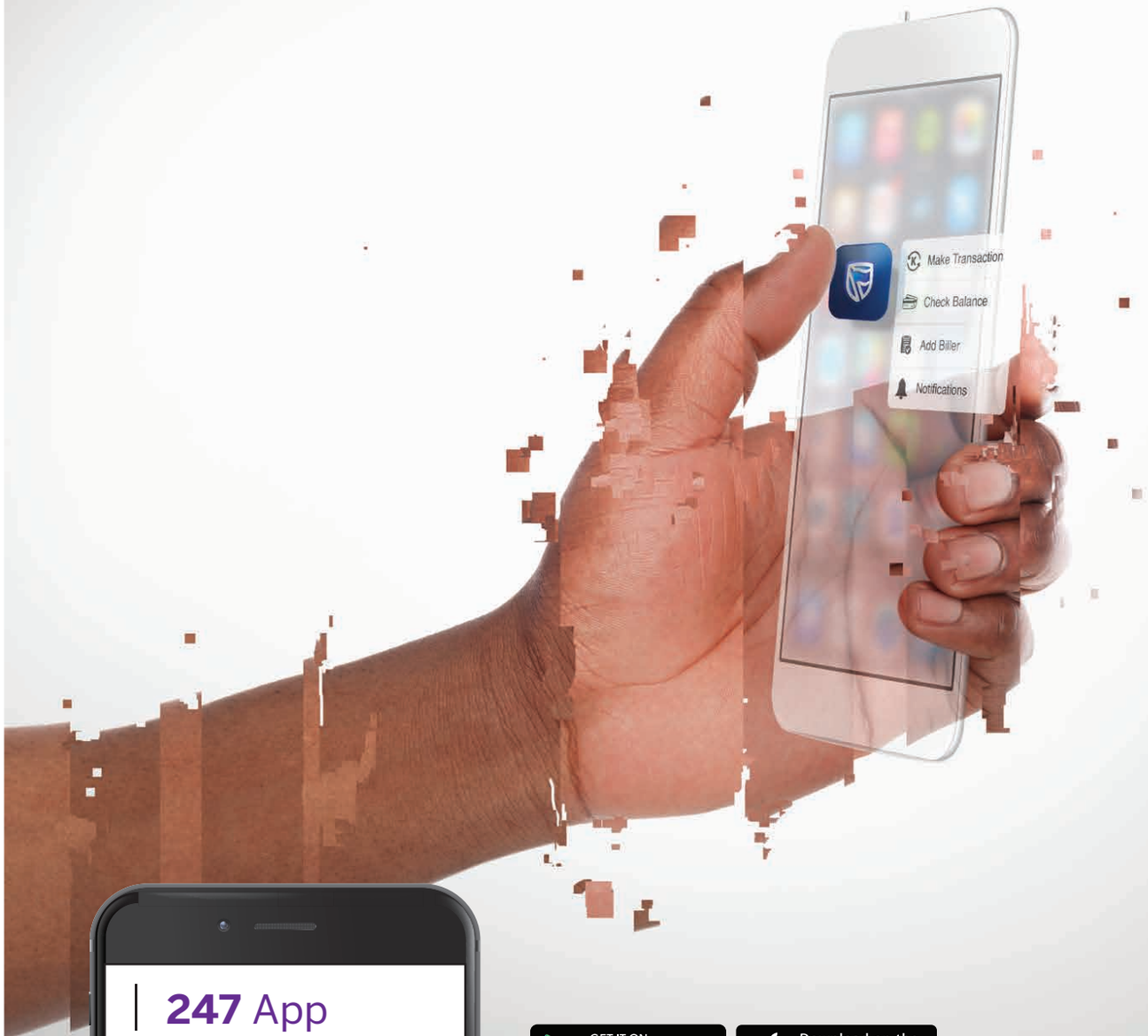
Finally, what legacy do you want to leave for the upcoming generations?

I love it when people say 'You inspired me to do this' and they indeed did achieve their dreams. It is a legacy of leaving people better off than you found them. This is always my goal even though I don't always achieve it.

One of my dreams is to send 300 little children in Malawi to school, from kindergarten to University. Every time I see a little one walking around in Malawi I always think about that. That is my dream and I am working out on it. ■

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2017-2018 MID TERM BUDGET REVIEW

LIGHT AT THE END OF THE TUNNEL

BY GEORGE DAMSON

Finance Minister Goodall Gondwe on Friday February 16th 2018 presented the 2017-2018 Mid-Year Budget Review in Parliament in Lilongwe. It goes without saying that expectations were high, as they always are, on what the veteran Finance minister had up his sleeves.

While he started his statement by highlighting the challenges that had deflected the attainment of budgetary targets such as the K 45.2 billion the government used to bail out ADMARC to purchase maize and other crops, unbudgeted excess wage expenditure amounting to over 5 billion covering the Malawi Police Service and Defence Forces and the slowdown in revenue collection by the Malawi Revenue Authority, the minister tried his best to stay optimistic and strike a tone that should spur positive energy and activity in the economy.

Given the erratic nature of this farming season's rain patterns, there has been widespread concern that the country could immediately be plunged into a food crisis as most crops have wilted under severe moisture stress. It is common cause that food shortages cause a lot of untold suffering to the masses and affects the economy overall. This concern was put to bed when the minister announced that in as much as the effects of the dry spell and the deadly fall armyworm outbreak could be felt later on, currently the country has a total maize reserve of 272,000.00 metric tonnes which is the highest it has ever had and therefore there will be no immediate food shortages in the country and the government will have plans in place to mitigate against any occurrence. Already resources have been put aside for ADMARC to procure a further 200,000 metric tonnes of maize to cover any eventualities.

It was also heartening to note that the minister alluded to the efforts by government to eliminate power outages that for some time have been a big cause for concern for both small and big businesses and the ordinary Malawians. The elimination of power outages will have positive ripple effects on the economy. Further sweet music to the ear was that the government expect to normalise its revenue collection and that Malawi will receive a budget support of K 60.0 billion from the World Bank in the course of the second half of the year.

Inflation was also forecasted by the IMF to maintain a downward trajectory, bringing it to 11 % as opposed to 20 % in 2016.This is a good platform that will enable the government to maintain macroeconomic stability. The IMF ,according to minister Gondwe further stated that keeping macroeconomic stability will result in the average economic growth rate of Malawi reaching the 7 % mark and that in 3 to 5 years' time, which is a medium term forecast; growth rates in Malawi could be high should the economy continue on this trajectory.

It is therefore the hope and expectations of Malawians that the positive chords struck by this mid-term budget review will not sink away and will help the economy to be stable and improve going forward. Surely there is light at the end of the tunnel. ■

George Damson is the Business Development and Operations Manager at Blitz Interactive Agency, a leading Malawian brand communications agency. He writes in his own capacity and can be reached on george@blitzmw.com and +265 997 416 972



Gondwe: Presented the review in Parliament

MOBILE BANKING IN MALAWI



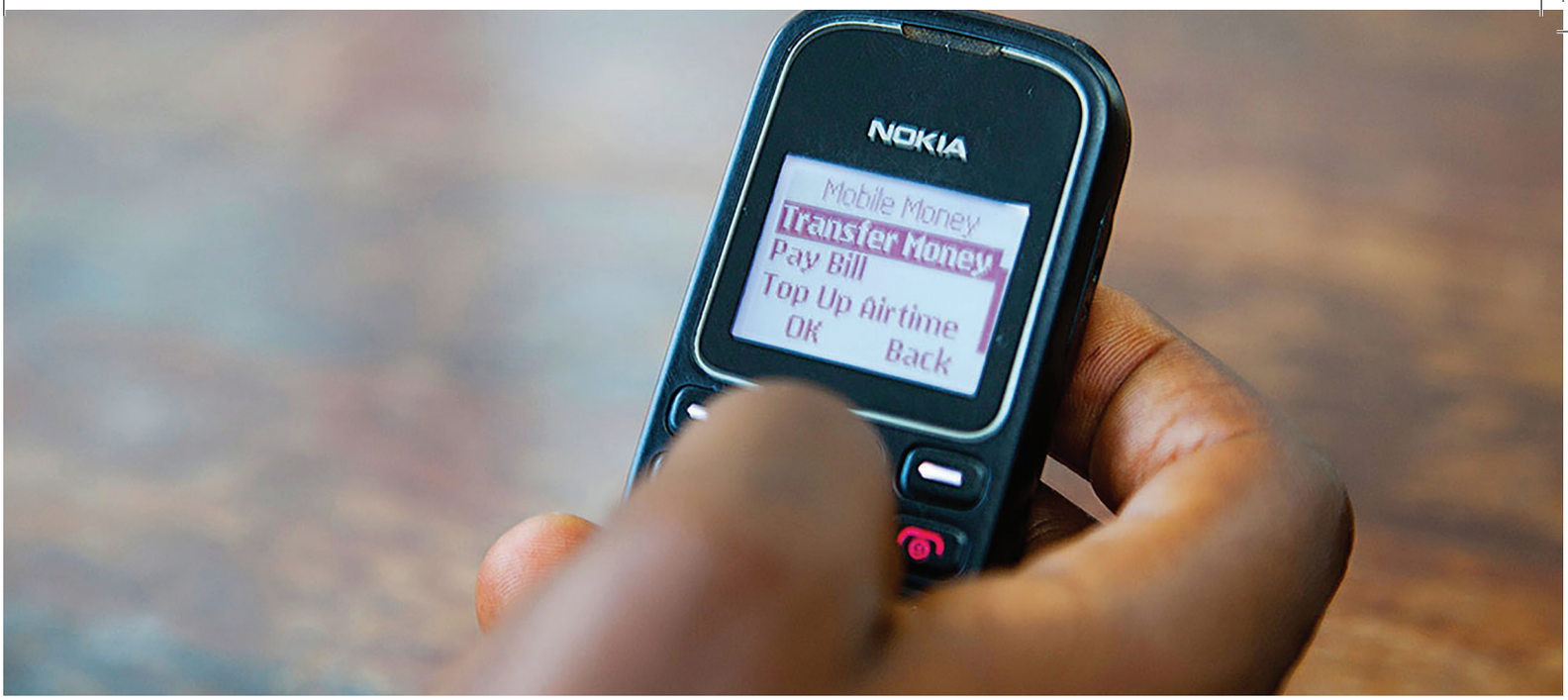
BY MISHECK COLLINS KATHUMBA

Imagine you work in a busy marketing office in Blantyre. On a particular payday; your landlord at Chirimba wants his rent deposited to his bank account; your son at a boarding school in Zomba needs pocket money and airtime for his phone, your mother in the village in Karonga wants some money to pay farm laborers and a creditor in Salima wants his money back. At your office you are expected to submit a very sophisticated monthly market reconciliation and report. You can't afford to send someone to the bank do all these transactions on your behalf; you definitely need to go yourself. How would you be able to facilitate these money transactions without having to go to the bank? If you registered your bank account to your mobile phone, relax! There is a way. A banking service called Mobile Banking would save you from the stress; you would be able to do all sorts of banking transactions via a mobile phone. Days are long gone when customers would queue in banking halls waiting to pay their utility bills, school fees or any other financial transactions.

In general terms, banking is the business activity of accepting and safeguarding money owned by other individuals and entities and then lending out this money in order to earn a profit. The use of a mobile device to deliver banking services to the customers is referred to as mobile banking. Mobile banking allows its users to conduct financial transactions through mobile devices such as mobile phones and tablets. This means of banking has a great range of products and services that it provides to its customers i.e. access to bank accounts, airtime purchases, utility bill payments, TV subscription

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> "The service is also an instant, easy, secure as well as affordable method of banking which allows customers to access their bank account without actually going to the bank"



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payments, medical expense payments, fuel purchases, balance inquiries and even loans. Mobile financial services have advanced in waves in Malawi, beginning in payments, receipts and transfers, before progressing into virtual savings, followed by credit, cross border transfers and more recently into insurance. The introduction of cheap mobile phones and easy access to them has led to the growth of network services and banks have leveraged from this and increased their influence and presence through the mobile platform.

Malawi has a generally sound banking sector, overseen and regulated by the Reserve Bank of Malawi. There are nine full-service commercial banks and most of these have introduced mobile banking products and services through partnership with Malawi's largest mobile network providers; Airtel Malawi and Telecom Networks Malawi Limited (TNM). For example; First Merchant Bank, Standard Bank, New Finance Bank, FDH Bank as well as National Bank of Malawi developed and launched their mobile banking platforms which comes on Uninterrupted Supplementary Service Data (USSD) and can be accessed anywhere in the country. Furthermore, FDH bank and Standard Banks introduced E-Wallet, an innovation that allows the bank's customers to create an electronic wallet for any Airtel or TNM number by transferring money direct to a phone number and instantly the wallet allows customers to withdraw from Automated Teller Machines (ATMs) without an ATM card. In 2017, FDH and National Bank of Malawi developed Mobile Banking Apps that users download and install on their android phones or tablets. Traveling customers using smart phones and those in the Diaspora benefit from the apps as they are able to transact without data roaming service and the app can be downloadable on Windows, Android and Apple mobile devices.

It is well known that the presence of mobile banking has improved customer service and access to finance. Banks have adopted mobile banking as one of the ways to make it easier for their customers to conduct their transactions and keep track of their accounts by using their mobile phones. The service is also an instant, easy, secure as well as affordable method of banking which allows customers to access their bank account without actually going to the bank. Users of this service receive text message alerts of each and every transaction that has taken place on their bank account and it is secured with a personalized password.

On the other hand, banks have improved their revenue generation, expense reduction, competitive advantage and time saving from this service. Mobile banking has progressively rendered itself in pervasive ways cutting across several financial institutions and other sectors of the economy. Technology has greatly advanced playing a major role in improving the standards of service delivery in the financial sector. ■

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ABOUT AFRICA

AFRICAN FOOD WILL BE BIG IN 2018



Ethiopian injera bread is just one African delicacy to try in 2018.
(photo via Wikimedia Commons/Maurice Chedel)

International cuisines—and the local customs that surround them—have become the driving force behind many people's' travel decisions these days. Along with all of that culinary exploration comes a higher demand for varied international cuisines at home.

Already one of the most sought-after cuisines—most major cities now sport at least one Ethiopian restaurant—African food is colorful and diverse like the continent itself.

It's on track to set the culinary world alight in 2018.

With this in mind, the people behind Jumia Food and Travel have put together their top picks for the tastiest African food you should be sampling next year and which country it originates from. Taking inspiration from their list, here are seven African foods you need to try in the New Year:

The Ndole, Cameroon

Many jokingly compare The Ndole to the Cameroonian flag, due to the fact it's worshipped by children and revered by the elders. It consists of spinach, fresh peanut paste, crayfish, shrimp and on-the-bone beef and is usually served with plantains and/or rice.



Ofada Rice, Nigeria

This dish gets its name from a variety of rice that is grown in Nigeria and has a speckled brown appearance (similar to that of wholegrain rice). It is typically served with a thick goat sauce and plantain for the perfect combination of sweet and spicy.



Rolex, Uganda

Unfortunately, you aren't given an expensive watch with this meal. It is instead a tasty snack of eggs—cooked with onion, cabbage and peppers and then rolled to make it easy to hold and eat.

Legend has it the street food snack got its name from the fact vendors used to simply call out "rolled eggs!", which sounds strikingly similar to the popular watch brand.

Muamba de Galinha, Angola

This stew is one of Angola's favorite dishes, and its name displays the country's strong Portuguese influence. It is usually made with chicken cooked in a sauce of palm oil, garlic, chili peppers and okra, then served with cassava leaves and white rice.

Injera with Doro, Ethiopia

Doro is the name for a thick, spicy stew served with boiled eggs, while injera is the now-iconic large flatbread made from fermented flour. The stew is served on top of the bread, allowing the juices to soak into it.

Koshari, Egypt

Eaten by families the length and breadth of the country, koshari is a hearty vegetarian dish of rice, lentils, macaroni, garlic and chickpeas, all bound together in a spicy tomato sauce.

Biltong, South Africa

Move over jerky, there's a new high-protein snack in town.

Biltong is made from a variety of different dried, cured meats—everything from beef to game or even ostrich—that are thin-sliced.

Locals snack on it in much the same way we do with jerky; the main difference being that biltong meat is hung and air-dried as opposed to being cooked. This means it can be served in a variety of different ways (soft, medium or hard). ■



PERSONAL FINANCE TIPS

5 WAYS MOBILE BANKING ALERTS CAN BENEFIT YOU



Some people are only comfortable when they're keeping constant watch on their finances -- and it can seem even more important during an economic recession when money may be tight or job security uncertain. The fear of fraud has also grown, as banks rely increasingly on potentially insecure processes like electronic transactions.

The upside to this electronic trend is that many banks are now offering a way for you to monitor your accounts and get instant updates wherever you are by sending information to your mobile phone. Most banks make it easy, especially for customers who already use online banking. Here is 5 ways mobile banking alerts can benefit you.

1) Know When Transactions and Direct Deposits are Posted

Banks take time processing transactions, and some, such as debit card purchases can take several days to post to your account. This can get frustrating, especially if you're waiting for a pay cheque to clear before you go out to get groceries. Instead of needing to call the bank, or even checking your online account several times a day to see if a particular transaction has posted, you could instead rely on an alert.

Some banks allow you to sign up for alerts that notify you when certain transactions are posted. One of the most common and useful of these is the direct deposit alert, which will let you know as soon as your pay cheque goes through. Some banks can send daily alerts telling you which cheques cleared in your account the previous day. Your bank might also offer alerts whenever any deposits, withdrawals, credits or debits are processed.

2) Account Balance Warnings

When you're using old-fashioned cash, you stop spending money when your wallet is empty. But with a debit card it's easier than ever to let an account get too low -- leaving you slapped with overdraft fees. Without needing to keep a constant eye on your account, you could prevent these kinds of fees by asking your bank to send you a mobile alert when your account gets too low.

3) Get Reminders About Important Dates

As the human memory has been known to fail from time to time, you might enjoy having little reminders about certain dates. For instance, some banks offer alerts that notify you when a due date for a credit card bill or utility bill is coming up. If you're working to build your credit score, this feature could be most valuable to you, as paying bills on time has a significant impact on credit.If you use online bill pay, you can also sign up for alerts to notify you when a payment has been sent or scheduled to be sent, fails to process, or when an automatic payment is about to expire.

4) Know About Changes to Your Account

One of the most common mobile alerts that banks offer warn you when there are any changes to your account. For instance, you'll get an instant alert whenever there is a change to your password or account information, like address, phone number or email address. Some banks send alerts when there have been checks ordered on your account, or a biller has been added to your online bill pay account .Hopefully, you are the one who has initiated the changes, but the point of these alerts is to notify you in case these are unauthorized changes from someone who has hacked your account. If you are warned early enough and contact your bank as soon as possible, you can help prevent fraudsters from wreaking havoc on your finances.

5) Know About Irregular Activity

Similar to the last alert, this one also helps prevent fraud. But a hacker who accesses your account doesn't need to change any information in order to sap your funds. That's why banks may also offer mobile alerts that warn you about irregular activity. For instance, a bank may flag irregular activity when an unusual or large purchase has been made on your account, or a purchase occurred in a distant location from you. That's why you might get a false alarm warning about irregular activity when you travel. A fraudulent credit card purchase is easier to dispute than debit card fraud. So one of the best ways to protect yourself is to know about irregular activity as soon as possible and ask the bank to freeze the account. Hopefully you won't be a victim of fraud, but the peace of mind that comes with such alerts can be reassuring. ■



HOW'S YOUR SOCIAL LIFE?

(AND WHY THAT QUESTION IS CRITICAL TO YOUR HEALTH)

If you were to plan the ultimate healthy Saturday, what would it look like? Maybe you'd wake up and meditate in the morning before hitting the shops to stock up on organic groceries. Then, after making a meal loaded with good-for-you foods, you'd go to a yoga or spinning class. And maybe you'd end the day with a bath so luxurious that it begs to be Instagrammed. It doesn't get healthier than that, right?

But if you're building your life around me-time, exclusively—your individual workout, your customized diet, capped off with your self-care regimen, all documented on your personal social media platforms—you may feel like something major is missing. And you'd be right.

"Meditation and working out are awesome, but those activities are often done in isolation," says Jeremy Fischbach, who along with a team of other psychology grads from Princeton University developed Happy—a service where people in need of emotional support can call and get paired with listeners trained in giving it.

Studies show that heart patients, for example, with fewer than four people in their close support network have more than double the chance of cardiac death—and low quantity (or quality) of social ties has been linked with everything from high blood pressure and cancer to impaired immunity and inflammation in the body.

At the same time, in a world where you can order meals, movies, and even sex (Tinder, you up?) on your phone without uttering a word, interpersonal connection (as in spending time with other people, ideally IRL) is a wellness building block that's becoming downright wobbly for many people.

So, that urge to grab brunch every Sunday? Or talk with your mom each week? Or to find a solid running buddy? These instincts to meet up, share, and support each other aren't just niceties. They might just be keeping you from getting sick.

But how exactly does hang time (or even quick chats with your favorite dry cleaner or the guy at the corner store) affect your health? And how much do you need on a regular basis? Here, several experts within the wellness world sound off on this important—yet often overlooked—area of well-being.

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How a tribal society came to idolize being alone

Even if you snoozed all through history class growing up, you probably know that human culture didn't start out in neat nuclear families. "We are mammals and part of the importance of being mammals is that we need to be in close proximity to each other," says holistic women's health expert and healer Kimberly Johnson. She regularly holds workshops with WMN Space in Los Angeles to bring women together in a way that creates community through sharing personal experiences.

"We're really meant to live collectively, but we've evolved because we have this puritanical society that [rewards] independence, either doing it all on your own or in a nuclear family," Johnson says. "The truth is, most people need a lot more support than that." If your secret Pinterest board doesn't include having a family or a house with a white picket fence, chances are that either living with a partner or alone in a dope apartment with no roommates is the ultimate goal.

Now, alone time and personal space are highly valued. "I was in a yoga class the other day standing directly across from someone and it was like we had to play this whole game of pretending not to look at each other," Johnson says. "It was really interesting to me because I had just come from living in Brazil for eight years where the term 'personal space' doesn't even exist. It's just not a concept for them."

But is it really so wrong to value a night in watching Netflix alone or not wanting to introduce yourself someone on the yoga mat next to you? Really, what's the big deal?

> "We can go a few days without water before we die. We can go maybe a month without food before we develop serious health problems. Emotional support is next. If we don't have regular doses of emotional support, we develop health problems."

How interpersonal connection affects your health

Part of why Fischbach launched the Happy app is because he's seen through scientific studies just how important connection is. "It's a basic human need, just like water or food," he says. "We can go a few days without water before we die. We can go maybe a month without food before we develop serious health problems. Emotional support is next. If we don't have regular doses of emotional support, we develop health problems. We're seeing that happen in this country. It's probably getting worse by the year."

A lot of studies back him up. One shows that people in social isolation actually can become dumber over time. Another study shows that people who had a stroke recover significantly faster if they have emotional support from others. Social relationships even affect longevity.

Like Fischbach, The Loneliness Cure author Kory Floyd has done a deep dive into just exactly how interpersonal connection affects well-being. "There's enough research now for us to claim that it's pretty close to vital," he says. "One of the ways that we know someone isn't getting enough connection with other people is that their health and wellness suffers in some pretty extreme ways." Some ways: Heart problems, getting sick more often, and poor sleep.

Floyd also points out that, like food and sleep, the amount of interpersonal connection people need varies from person to person—especially depending on where they fall on the introvert-to-extrovert scale. Which brings up another important question: How do you know how much social connection you need? And what's the best way to get it?

The different types of interpersonal connection—and how much you need

Even though food, sleep, and connection are all basic needs, Floyd brings up an important point: There isn't a built-in physical signal—like getting tired or hungry—when you're low on connection. "You do have to be more attuned to yourself, but noticing when you start feeling lonely or isolated is a sign," he says.

Again, he stresses that not only

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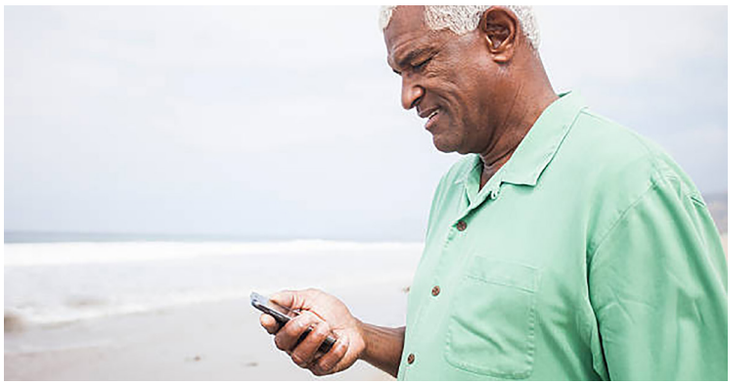
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> For people who are isolated because of age, suffering from a chronic illness, or live in a rural community, social media can really be a lifeline.



will the amount of interpersonal connection vary from person to person—and even from time to time—the type of connection will vary too. One person may be content grabbing matcha with a friend one-on-one while another person won't be fully satisfied unless she hits up at least one good party over the weekend. You have to gauge what you need for yourself, partially thinking back to what has made you feel happy before.

Suffering from depression is a bit trickier, says Floyd. Even though being around people will likely help you feel better, leaving your warm couch sounds torturous. "[Some scientists think] that conditions like depression evolved to cause us to become introspective and disengaged from social engagement for a while as a way of signaling to others that we need help. In that way, I think we could make the argument that those are times when our social needs change," he says, adding that his advice would be to seek out one or two people you feel most comfortable around and not forcing yourself to go to a big party.

Besides paying attention to how much connection is right for you, Floyd says there are two things to keep in mind: Social connection should be frequent and meaningful—not necessarily at the same time. "You could have deep conversations with friends you rarely see, which makes it meaningful, but not frequent. And you can have interactions with people all day, like the cashier at the grocery store and your coworkers, but that doesn't make it meaningful," he explains. Again, the amounts of what you need of both is going to vary from person to person.

You might be wondering where texting and social media fit in. Does DM-ing your friends count as connection? In Floyd's opinion, it does. "For people who are isolated because of age, suffering from a chronic illness, or live in a rural community, social media can really be a lifeline," he says. "Also, for people with depression, reaching out with a text or through social media can be a much less intimidating step to take when asking for help. When it comes to technology, it's not about what it can do, but how we use it."

How to add more interpersonal connection to your life

Okay, so now you know about the different types of interpersonal connection and why it's so important. Now the big question: How do you get more of it? Being armed with all this info might not suddenly empower you to chat up the guy or girl on the treadmill next to you. (Though props if it does!)

Fortunately many people in the wellness community are creating spaces for connection. Johnson and her buzzy workshops at WMN Space are one, and on the East Coast, Om and The City blogger Jules Hunt is arranging her own meet-ups with her new initiative Awake The Space. "As much as I am an introvert, I realize the immense benefit of connecting with people who inspire us creatively and challenge us to think outside of our own respective bubbles," she says. "It's mentally beneficial for us to know we are not alone in our struggles. Finding a community that helps us feel uplifted without judgment does wonders for our mental wellness. A big sign of a strong and independent person is knowing when you need outside help and resources. Human connection is so important."

But you don't have to seek out an organized "group" to get the connection you need. Inviting your friends over to cook and talk counts. So does volunteering and getting to know people who are passionate about the same causes you are. So does calling your mom. "Coming together and sharing experiences and stories with others is such a simple solution to healing from painful past experiences," Johnson says. "And most of the time, it's free!"

So the next time you sit down and block out your calendar with time devoted to the gym, meal-prepping, and all your other favorite healthy habits, don't forget to factor in some social time, too. Your health depends on it. ■

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DIGITAL BANKING:

WHAT WAS ONCE A DIFFERENTIATOR, IS NOW A COMMODITY

Article courtesy of Sara Mans, lead UX researcher, The Archer Group

The data are clear: Digital banking is hugely popular, especially among younger consumers. Research shows 71 percent of millennials believe it's "very important" to have a banking app, 51 percent have made a purchase through a mobile website or app in the last month, and 27 percent have used their phone to make a payment in store.

But despite the predominance of digital banking, there's evidence customers are growing less satisfied with their digital banking experience. While the majority may be satisfied overall, there is a definite downward trend in how consumers view their banking experience.

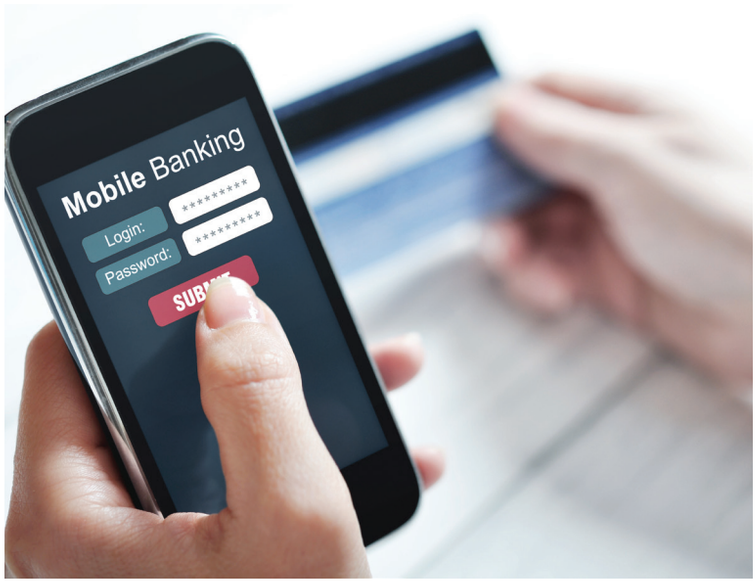
This is a fraught area for financial institutions. An intuitive and engaging digital customer experience is no longer a luxury, it's an expectation.

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Meaningful functionality within an app or mobile site is now table stakes: what was considered advanced functionality just a few years ago is now the standard. Banks and other financial institutions no longer compete on the stability of their organization, but on the capabilities of their software and the user experience of their mobile app. To stay on the digital vanguard, and gain and retain customers, banks need to design their digital offerings with six requirements in mind.

SIMPLE

Complicated financial processes need to be presented in a straightforward fashion that's both logical and easy to complete. This is especially important for common tasks like depositing a check, where customers use the function again, and again, and again. Less frequently encountered tasks should be simple as well, as customers are likely working in unfamiliar territory.

Breaking down the processes into step-by-step interactions with few visual distractions and clear calls to action will lead a user comfortably through a multistep system. Absent this clarity, user anxiety and frustration are likely.

STREAMLINED

Financial institutions want to capture as much of a customer's "wallet" as possible, so most now offer a wide range of products that support all aspects of a customer's financial life. These different products must be integrated and streamlined into their digital presence. Financial institutions that offer users a comprehensive view provide greater value than those that present a series of disjointed experiences that don't connect the different parts of their users' financial lives.

Users have become familiar with apps like Mint or Clarity Money, where all of their financial information is centralized. Apps like Wallaby enable users to link all of their different credit cards, then recommend which card should be used in which circumstance to maximize points. If banks are not offering a streamlined, integrated experience, then some other app will come along and do it for them.

TRANSPARENT

When it comes to finances, users want to know the details. Interest rates, credit scores, bill pay, mobile deposit, and the terms and conditions need to be easy to find, well branded, and clearly labeled. If not, it causes uncertainty and even feelings of distrust about their bank.

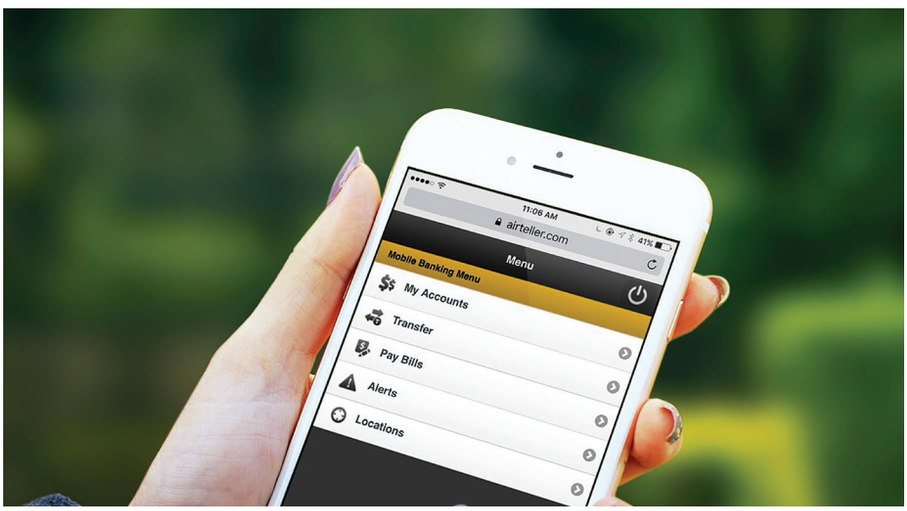
SECURE

In today's mobile-first world, users are more willing to apply for credit cards or other products on their mobile device. That said, the user must feel

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> A bank's digital experience has to be fully integrated into every other touch point through which customers encounter it, including its ATMs, in-person tellers, customer service representatives, and call centers. Mobile and digital banking offerings should transition gracefully into the bank's other channels.



secure. This trust is imparted through many tactics, from enabling touch ID to embracing design practices that assure customers of security at every step.

Banks have always been masters at creating an image of safety and security. The archetypal bank is a massive building with granite or marble columns, a huge vault, watchful guards, and enough space to conduct business in privacy. A bank's digital presence should project a similar sense of security.

INSTANT

Users have become accustomed to instant feedback. Once a transaction is completed, a prompt, text message, or other form of immediate feedback is essential. Any amount of time spent waiting for an email is too much time, and creates an unsatisfactory experience. We expect similarly instant feedback in our personal relationships, and this feedback can be an important mechanism for creating closer, more engaging relationships with customers.

Push notifications can be an important aspect of this relationship. If anything happens with a customer's bank account or credit card, a push notification or alert can help keep the bank top-of-mind. "A deposit was made in your account." "A bill is coming due." People have been trained to expect this sort of feedback by their other apps and service providers.

PART OF THE COMPLETE CUSTOMER EXPERIENCE

A bank's digital experience has to be fully integrated into every other touch point through which customers encounter it, including its ATMs, in-person tellers, customer service representatives, and call centers. Mobile and digital banking offerings should transition gracefully into the bank's other channels. Not only should digital be designed to switch seamlessly to in-person support, the support centers themselves need technologies and processes designed to provide visibility into the customer's situation. Each customer should have a seamless experience with the bank, no matter what channels were used.

Digital offerings need to meet these six requirements. They're mutually supportive and complementary. Together they build the brand trust and loyalty necessary to create the experience consumers expect. People may not talk about their financial situations, but they do talk about apps and mobile sites. If a financial institution is doing something well, a user will share that information, perhaps because it's innovative and rewarding. Previously, banks were rarely known as innovative. Today they have to be. ■



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THE ROLE OF THE EXECUTIVE IN IT STRATEGY

> “Technology is no longer a support function but it is at the core of every organization. Following this trend the IT function is starting to report into more strategic positions like the CEO or DCEO.”



BY CHRIS CHIRWA

Information Technology (IT) strategy development is one of the critical tasks for executive management and yet it is usually overlooked. Most times it is left to the IT Manager to handle as he or she pleases. Most executives' involvement in IT strategy is usually in one of two ways; to give a pat on the back if IT strategy, by sheer chance, is going according to plan or else to give the boot to the IT Manager if technology is not working according to expectations.

There are several reasons why executives do not get involved in IT strategy. Some executives have the perception that technology is

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so complex and that it is difficult to understand hence they do not even make an effort. This, of course, is compounded by the IT professionals who communicate technology issues using technical and complex jargon making it so difficult for lay people to grasp. Some executives look at technology as a support function and not part of the core business hence the relegation several tiers down the pecking order of organisational priorities.

However, executives are slowly coming to terms with the fact that technology is at the core of every business and that the future of each organization depends on it. Technology is no longer a support function but it is at the core of every organization. Following this trend the IT function is starting to report into more strategic positions like the CEO or DCEO. This is unlike in the old days when the IT function was reporting either to the Finance Manager who subsequently reported to the Head of Finance and then further to the CEO. The problem with this approach was that the IT agenda was not given much attention and effort.

> “In simple terms an IT strategy is a long-term action plan for achieving a goal, set in the context of a rapidly changing technology environment.”

Organizations have gone further to set up specific committees at the board level to look at the IT strategy development and implementation. The membership of such committees is specific to incorporate members who have experience of innovations, technology and business trends. The major role of the board in terms of technology is to review the IT strategy and the corresponding budgets related to the strategy. The board committee will also be responsible for reviewing performance of the implementation of the IT strategy in relation to the whole organization's business strategy. When IT strategy is very clear at the board level there will be clarity and focus. Organizations which do not have clear IT strategies will always be 'knee jerking' to every new technology which comes into effect without carrying out a proper business case. As a rule of thumb every project should have an approved business case before it is implemented. There are so many technologies out there and all of them are perfect but they might not be fitting for your organization.

WHY HAVE AN IT STRATEGY?

In simple terms an IT strategy is a long-term action plan for achieving a goal, set in the context of a rapidly changing technology environment. For any IT strategy to be effective it must have measurable alignment to a business strategy, this is where many IT strategies fail. Considering the rapidly changing technology environment the strategy needs to be reviewed regularly in order to align to internal changes, external changes and also to carter for customer needs. One of the challenges is when companies are so fixated in implementing technological changes without being mindful of the changing trends on how customers want to conduct their business.

The IT Head usually has some ideas which he/she will have to feed into the executive. Equally as much the business team should also have ideas which they want to implement which they lay at the hands of the technology experts to find solutions. Most solutions are aimed at enhancing efficiencies and service delivery. The IT strategy should be able to support the overall corporate strategy. And this strategy should address specific objectives in the overall corporate strategy.

The IT strategy describes how an organization positions and differentiates itself from the rest technologically. The strategy will also describe how an organization leverages technology to deliver on its corporate deliverables. This is where the IT strategy is used to align technology with overall business strategy. The IT strategy is supposed to feed into the corporate strategy.

Having an IT strategy in an organization ensures that there should be focus on the technology direction and priorities which have been taken. Having an IT strategy simplifies decision making. Because there is a clear focus it will be easier to track progress.

The IT strategy informs the board and the executive on how much budget is needed in order to deliver

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on the bouquet of technologies selected. Many times management works in reverse in order to select the technology which will fit into the available budget. Resources will be allocated only to the relevant initiatives if there is a clear IT strategy.

The timing of getting on board certain technologies is also very crucial. There are times when an organization has to be a leader, a middle entrant or a laggard. At the same time the risk is that when an organization gets on board into some technology very late there might be little benefit. History has on record companies who have made losses because of bad investments in new technologies. A recent example is the Toshiba story where they invested heavily in R&D and implementation of nuclear technology. They made huge losses in the process approximated to $6 billion. Of course there were other issues which consolidated their bad investment such as delays and cost overruns at the project level.

IT STRATEGY OWNERSHIP

Unlike popular belief that ownership of the IT strategy lies with the IT Head, this should be a concerted effort between management and the board. The implementation of the IT strategy is carried out by the IT Head with support from management.

Managing an organization with a clear IT strategy has so many benefits to the organization including the sustainability and profitability of the company. Organizations with no clear IT strategies are at risk of being obsolete or of incurring losses due to bad investments. IT strategy, if developed and implemented well, will be very critical to the success of 21st Century organizations. Good luck with better and informed IT Strategies as the year progresses. ■

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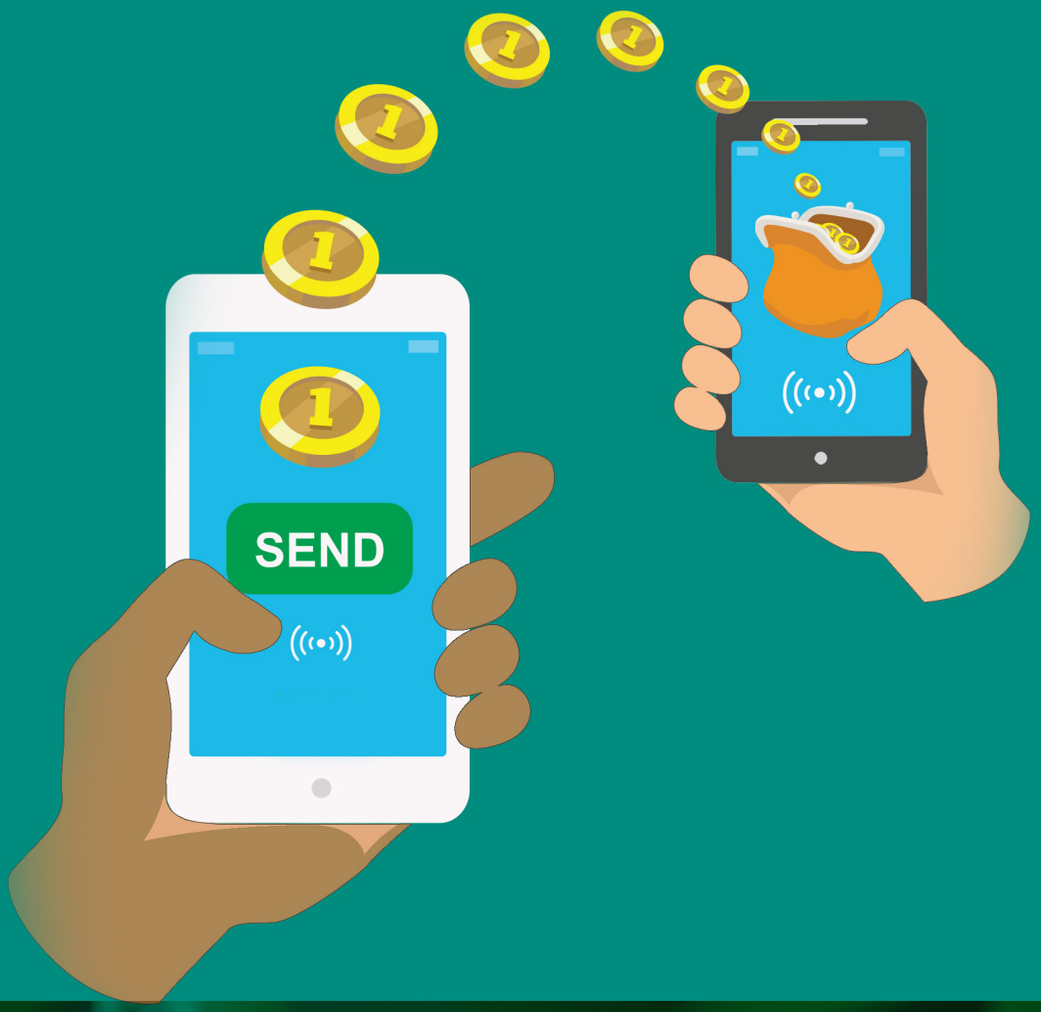
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UNDERSTANDING **MOBILE MONEY:**

The triggers and barriers to Mobile Money Adoption in Malawi



BY MASIYE MAZAZA

"So, what do I do to change my airtime to money so that I can send to someone?. And when does the receiver get it as airtime or it will still be money?" was the first question I asked when I had my first encounter with mobile money presentation. I was grossly embarrassed when the response came, not because of the way the response was delivered but because I had always considered myself "one of the well-informed" in the area of microfinance, insurance and some aspects of banking since I started my career in the banking industry before moving to insurance. Picture this, all members of staff, from the CEO to the cleaners, were seated right there in the Boardroom and I was Head of Sales and Marketing whom a significant number of members of staff looked up to.

Well, I am thankful for that embarrassment in 2012 because it activated my interest in mobile money to unprecedented levels. It was during this presentation that I got to understand that mobile money is not airtime and that one cannot convert airtime to mobile money. After my embarrassment, the team was not comfortable to ask questions, but for me being me, I kept going and two of the key questions I asked, "How do I put money in my phone?" and "Apart from sending and receiving money, what else can I do with Airtel?". A soft spoken Wezzie Nthimbwa tackled these questions professionally and that was the genesis of my love for mobile money. We were all registered right in the boardroom and taken through the Airtel Money menu. Little did I know that I was going to Head the Marketing section for mobile money. Barely a year later (in April 2013), I joined Airtel and became the first Marketing Manager for Airtel Money

In this article, I will share insights about triggers and barriers

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to mobile money usage not only based on personal experience having successfully marketed a mobile money service for 3 years but also based on in-depth research which I conducted on mobile money when I was pursuing my Master of Science Degree in Strategic Management. My research was titled "Factors Affecting Mobile Money Penetration in Malawi: The Case of Airtel Money".

I would do this article injustice if I go on to talk about the triggers and barriers Mobile Money usage in Malawi before defining what Mobile Money is. Over the years, I have learnt that making assumptions that 'everyone knows because I know it and it is obvious' is a grave mistake. It is better to explain to people what they already know than to assume the know and in the end discovers that they didn't know or they knew too little

WHAT IS MOBILE MONEY?

There is no universal definition of what Mobile money is. However, deducing from the services available under mobile money, it suffices to define mobile money as a financial service that facilitates a wide range of electronic money transactions through a mobile phone. As broad as this definition is, it must be mentioned here that the core service under mobile money is peer to peer (P2P) money transfers. P2P mobile money transfer simply means transferring electronic value (e-value) from one individual electronic mobile money wallet to another individual's mobile wallet. The rest of the innovations on mobile money were born out of this core service. (other available services are…. utility bill payments, merchant payments –goods and services, mobile banking, loan facilities, savings, online payments,)

In other circles, Mobile Money is referred to as mobile financial service. However, mobile financial service can easily be confused with Mobile banking which is a financial service provided by commercial banks which allows customers to perform banking transactions remotely using a mobile phone. Mobile banking transactions are usually linked to a bank account while a mobile money service can be fully undertaken by a customer without any linkage to own bank account. It suffices to mention here that Mobile Money can also become an integral part of mobile banking once the service is integrated to a commercial bank thereby linking mobile wallets to bank accounts. It must further be highlighted that the service providers of mobile money still require commercial banks where mobile money Trust Accounts are domiciled.

In Malawi, there are only two Mobile Money Services, namely Airtel Money which is the pioneer service in Malawi provided by Airtel Malawi Limited and Mpamba which is provided by TNM. These two services are usually mistakenly likened to other money transfer services in Malawi like FastCash Service which is provided by Malawi Postal Services and Zoona Money Transfer Service provided by Zoona. FastCash and Zoona are what are called 'Over The Counter' (OTC) money transfer services, falling in the category of well-known services such as Western Union and MoneyGram.

There is a significant difference between mobile money services and OTC money transfer services. The first differentiator is that mobile money services require a mobile phone with an actively working mobile number in order to transact. The transacting party must first register their mobile number by providing their full details, a process known as 'Known Your Customer' (KYC). The registered mobile number becomes the mobile

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account/wallet which the customer then uses to transact. An individual with a registered mobile wallet is in control of the wallet and is able to send and receive money 24/7, 365, which is not the case with OTC services where the one in control is only an authorized Agent. Due to the fact that the customer with a customer who is registered on Mobile Money Service is in control of their wallet, they are able to do more than sending and receiving of money. For example, she is able to make all kinds of payments from her mobile wallet. She can conduct mobile banking if the mobile wallet is linked to a bank account and do absolutely more.

Typical examples of services being enjoyed on Mobile Money in Malawi are: sending and receiving money across the country and beyond the borders, paying utility bills (Water, Electricity, TV), paying for goods and services, e-ticketing, buying airtime, buying data bundles, instant loans and their subsequent repayments when due, pulling fro and pushing to bank accounts and many more. These services are non-existent on OTC Money transfer services

WHY MOBILE MONEY?

There are several stories around the Genesis of mobile money globally. The most well-known and accepted one is that of M-Pesa in Kenya, which a mobile money service is officially rolled out in 2007 by Safaricom. "M" stands for mobile and "Pesa" is a Swahili word that means money. M-Pesa, therefore, simply means "Mobile Money". In Kenya, M-Pesa is ubiquitous and had over 30 million subscribers in 10 countries by early 2017 (CNN, February, 2017).

Several pieces of literature indicate that the primary reason for launching Mobile Money was to facilitate money transfers from urban Kenyan dwellers (temporary and permanent ones) to their families in rural Kenya. The literature says in Kenya there are seasons when men leave their families behind in the rural areas and travel to the urban areas to do business and stay there for a while. This created and still creates the need to send money back home to support the families. It is common knowledge that most rural dwellers are either unbanked or underbanked. Therefore, mobile money became the prime means of sending money. It is not surprising then to learn that when Safaricom launched M-Pesa, the campaign to drive its adoption was simply crafted "Send Money Back Home". This background signifies that mobile money has a huge potential to spur Social-Economic development in any developing nation, including Malawi. From the portfolio of services outlined earlier, it is evident that Mobile Money is a mass product which does not exclude the elite segment of the nation, thereby fulfilling the global ambitions of financial inclusion.

Therefore, the first benefit of mobile money is banking the unbanked and underbanked masses in both rural and urban areas. This fuels economic growth as it entails mushrooming of new small to medium enterprises like Dealer/Distributor and Agent Businesses. The new businesses in turn create new job opportunities.

The second benefit is that mobile money and bank integrations result in extended banking hours without blowing banks operating costs to unbecoming levels. When banks are closed, customers are still able to have access to their money by simply pulling the money from bank account into the mobile wallets and be able to do different kinds of transactions, including cashing out (withdrawing the money). Besides extending banking hours, clever and entrepreneurial banks are looking at the integrations as an extension to their number of branches. For example, once a commercial bank has integrated with Airtel Money, it means it has extended its branch footprint across the country with the equivalent of existing active Airtel Money Agents. The reason being that a customer can simply walk to an Airtel Money Agent, deposit cash in the mobile wallet (cash in) and push the money into the bank account and vice versa.

The third benefit is that mobile money, like any other electronic financial services reduces the costs of printing money. It is for this reason that the Central Banks are at the forefront in encouraging the use of electronic payment systems like mobile money. The Reserve Bank of Malawi has a dedicated Electronic Payments Department entrusted with the responsibility of driving this cause due to the said economic benefit (reducing the costs of printing money).

The fourth reason is that mobile money saves customers both time and money. Where, in the past, a customer used to board a minibus to travel several kilometers to conduct a financial transaction like deposit or withdraw money, pay utility bills, and

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to send or receive money, today this customer can do this in the comfort of his home, office or business place. By transacting in the comfort of one's home, office or business place, a customer saves money that would have been used for transport and saves time that would have been wasted through travel. In Malawi, the presence of banks in the rural areas is almost non-existent. Mobile money has therefore become the saviour to many. People rarely board buses to travel to town to pay utility bills and many other financial transactions because they are able to do this on their mobile phones.

However, despite the low banking penetration in Malawi and all the benefits highlighted, mobile money adoption in Malawi is way too low, over five years from the pioneer launch of the service. The country has less than 8% active users out of the entire population and barely 12% active users out of the addressable population. The bigger question is, "What are the triggers and barriers to Mobile Money adoption in Malawi?"

The number one trigger for mobile money adoption is a robust distribution infrastructure (Agents and Distributors). Agents have four key responsibilities which if executed meticulously, they can facilitate accelerated adoption of mobile money. There responsibilities are: a) Registering customers; b) Educating customers on how to use mobile money at the time they are registering the customers; c) Facilitating cash In's (deposits of e-value into mobile wallet); and d) Facilitating Cash Out's (withdraws). A robust distribution network is a vital trigger due to the low penetration of commercial banking services in Malawi. With the absence of banks in the rural and semi urban areas, mobile money becomes handy to the unbanked and underbanked masses living therein. Although it may sound somehow exaggerated, it is impossible to run a mobile money service in the absence of Mobile Money Agents.

> "Low literacy levels in Malawi make it hard to grow any technologically advanced products and services. The masses find it difficult to manipulate the Mobile Money menu."

The second trigger is highly connected to the first one, and that is Agent liquidity. While nationwide physical presence of Mobile Money Agents is key, such presence means nothing if the Agents are perpetually illiquid. Agent liquidity is twofold, e-value and cash availability. The e-value is used to facilitate Cash in's (deposits) while cash is used to facilitate Cash Out's (withdraws). It is important for Agents to strike the right balance between e-value and cash availability depending on where they are plying their trade. For Agents in the rural areas, the majority of transactions will be cash out as the people in the rural areas are normally on the receiving end from their families in the urban areas. Therefore, the Agent must keep high cash float than e-value. In the urban sector, it is more ideal to strike an equal balance between cash and e-value. However, it is more important for the Agents to observe the actual trends of transactions. It is against the foregoing that Agents must keep an accurate record of ALL transactions.

In the case of the Malawi market, the above triggers still pose a big challenge. While the two Mobile Network Operators (MNO's) offering this service have kept the drive to establish a robust Mobile Agents Network, the market still remains under-served because most traders are not grabbing this huge opportunity of becoming Mobile Money Agents. From my personal engagements with and research done on several retailers with potential to become Agents, over 90% of them don't believe that it is a profitable venture. The cite lack of customers and low awareness levels plus poor commissions as the showstoppers. What they have not understood yet is that Mobile Money business is a game of numbers and huge profits can be made through continuous and consistent trading. There is still the egg and chicken problem of what comes first. In business all we need to establish first is whether the service is needed or not (establish market availability). If the answer is yes, then the next thing is not to look for the customers. Rather you must make the service available and those potential or prospective customers become actual customers. With consistent service availability, they turn into loyal customers and probably trade more and bring other customers. Further to this barrier

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of having few Agents, most of the available Agents, particularly in the rural areas, have liquidity challenges. The liquidity challenges tend to frustrate customers and thus slows down the adoption of Airtel money in the rural areas.

Mobile Money requires proper identification for one to be registered. The acceptable forms of identity (ID) are passports. Driver's License, National ID, Malawi Electoral Commission's voters' registration card (MEC ID). However, until the recent past, Malawi had no national identification documents. Only negligible thousands of Malawians, out of the 17 million population, have passports and driver's license. The widely used identity (ID) is MEC ID. As such, it has been a challenge to accelerate the growth of Mobile Money in Malawi while in compliance with the Reserve Bank's regulations. The introduction of National IDs is huge trigger to the agenda of accelerating Mobile Money Services in Malawi.

Low literacy levels in Malawi make it hard to grow any technologically advanced products and services. The masses find it difficult to manipulate the Mobile Money menu. Some do rely on their family members to transact for them and others rely on Agents. This reliance on others has a huge risk with it when those trusted with the task of transacting decide to steal from the unsuspecting family members or customers, respectively. This risk arises from the fact that every transaction on Mobile Money is PIN protected and this is compromised the moment someone shares their PIN when asking for help with transactions.

Bad service experiences have also made a section of society lose trust in Mobile Money Services, particularly when that happens when a customer is transacting for the first time or when there are repetitive bad experiences. A stable and more resilient and reliable system is therefore a big plus to accelerating the adoption of Mobile Money Services. In Malawi both MNO's have had to upgrade their operating systems in order to improve customer experience.

A robust merchant network also has the capability to accelerate Mobile Money adoption. A merchant in this sense is defined as any service provide who accepts Mobile Money as mode of payment. A wide spread presence of Mobile Money merchants takes away the pressure of looking for Agents in order to cash out money and use it to pay for goods and services. It also lessens the burden of Cash out fees on the part of customers. In Malawi, merchants are just coming up and this has been a significant barrier to many organizations who have had intentions to pay salaries through Mobile Money but the need to include cash out fees made it look like a costly move. However, there has been significant strides towards this cause. Almost all utility service providers in Malawi accept mobile money as mode of payments. Major chain stores like Chipiku and Sana also accept Mobile Money as mode of payment. Recently Airtel has embarked on creating Till Merchants in an attempt to make small to medium enterprises receive Airtel Money as mode of Payment. In Kenya, M-Pesa is like the second currency for the country as literary almost every trader accepts M-Pesa as mode of payment. The next bigger move around merchant payments in Malawi is online payments through Mobile Money.

To sum up everything, accelerating Mobile Money adoption requires a robust ecosystem. MNO's, Government through the regulatory bodies, traders, corporate and individual customers must all come together to push the Agenda. Everyone must do their part and maybe someday we could create our own M-Pesa story in Malawi. ■

Writer's Profile:
Writing in his personal capacity,Masiye Jere Mazaza is an Associate Member of the Chartered Institute of Marketers(ACIM).He holds a Master of Science Degree in Strategic Management from University I'D Derby (UK), a Bachelors degree in Business Administration(BBA) from the University of Malawi and currently pursuing Management Accounting with CIMA.He has vast work experience spanning the banking,insurance,FMCG and telecommunications sectors. Currently he is Head of Data & Devices Marketing at Airtel Malawi Limited having worked as Marketing Manager for Airtel Money in the same organization.



MORE THAN FINANCIAL INNOVATION



Vitumbiko Oswell Mfune

In recent years, the domestic banking space has demonstrated that the industry is gradually becoming more competitive among its players. Characterized by the introduction of various products and services to their respective customers, competition amongst the country's commercial banks has pushed the banks towards becoming more aggressively innovative. A quick look at the industry easily suggests that some banks seem to innovate regularly while others just follow the footsteps of those seemingly taking a leading step. But my sense of wonder has always been provoked when I try to find out the factors influencing this boom of financial innovation together with the subsequent success story of those banks that are doing well on the market. Our main area of focus has always been on seeing the final results and not the means of getting the results. We forget that behind any success story of any institution lies some 'underground' players; both internal and external. Most of the innovations in banking spectrum such as mobile banking, ATMS, SMS banking, internet banking have all greatly improved customer service.

While I see some banks doing well on the market, I also see others struggling to raise their heads above the innovation waters. Most of the times it is easily noted that the products and services being offered by these banks are the same as those offered by other banks. The country's innovation trend reveals that there are some banks that are willing to invest a lot whenever they want to come up with a new product on the market. These banks do a lot of market researches, banking core system upgrades, risk assessments, improved human resource management etc. While on the other hand, others fail to show that they are willing to make investments.

Indeed, I can comfortably say that financial innovation in the country has rapidly led to improved customer service and increase in bank revenue. Nevertheless, I have also observed that there are some challenges that commercial banks are seemingly facing in adoption of financial innovation. On top of this list is the introduction of similar products by competing banks and customers poor response to innovative products mainly because they do not understand the product. The only difference standing among these products is the name of the products. The product is the same but with different names. This is very ridiculous considering the fact that it is happening at the time when technological advancements are globally taking a very serious centre stage while other players in foreign lands, like Kenya, continue to amaze the world due to their tireless serious innovations.

It is also important to note that various external environmental challenges as well as the need to enhance customer satisfaction will always haunt those banks that are trying to embrace customer satisfaction. Long-term success story of any institution is directly linked to the ability to innovate, take risks, acquire, possess and also develop unique technological capacity. Banks' investment in improvements of existing products and processes will also bring growth of the institution. It does not necessarily mean that a Bank ought to innovate new products. Essentially it needs to be well understood that improvement of old products and the innovation of new products at the same time can be a new game changing breakthrough that will eventually launch a Bank into

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> "As companies try to invest heavily in improving customer experience through financial innovation, it is also fairly important to avoid sidelining employees who are responsible for delivering that experience"

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new markets, enable rapid growth, and create high return on investment for a sustainable competitive advantage.

I think enough has been said about banks pursuing revenue growth strategies based on their ability to acquire new customers, cross-selling more products and services to existing customers by leveraging on technology. But who controls technology and all that best customer service delivery in banks? One would easily realize that there are people behind this idea of innovation. Those Banks that are doing well in many aspects in the world, financial innovation inclusive, have a team of individuals who work tirelessly behind scenes. Without these people there can never be any success story to tell.

As companies try to invest heavily in improving customer experience through financial innovation, it is also fairly important to avoid sidelining employees who are responsible for delivering that experience. Institutions should not forget that employees are the first and most important customers (internal). Employees use institutions' tools and systems. Because of this experience, they have firsthand knowledge about institutional culture. If employees start to doubt institutions' business, the quality of their work eventually become poor. Business success starts with the employee experience. When employees are happy (feel valued, welcome, respected, heard), they eventually create remarkable experiences for external customers. Employees are greatest brand advocates.

In her article entitled 'Why You Should Treat Your Employees Like Your Most Loyal Customers', Brigette Hyacinth highlighted that; 'You can't expect stellar customer service from employees who feel distrusted and discounted. Successful businesses focus on creating memorable employee experiences to keep their staff engaged and happy'. In summary, Bridgette is of the view that employee experience is influenced by the physical environment in which an employee works, the support and tools an employer provides, and finally how an employer takes an interest in the well-being and success of employees.

In all fairness, much as we can be attempted to align the success story of a banking sector to the revolution of information technology, we also need to know other factors that may have an influence on the quest for financial innovation. There are both internal and external parameters that may be considered to be looked into for banks to be successful in such aspects as digital, risk, human resource, among other spaces. The innovation of various channels need an open-minded player who is willing accept change and also ready to invest. This approach surely induces better performance of any institution. Advance technological thinking needs to be dynamic and not static. ■



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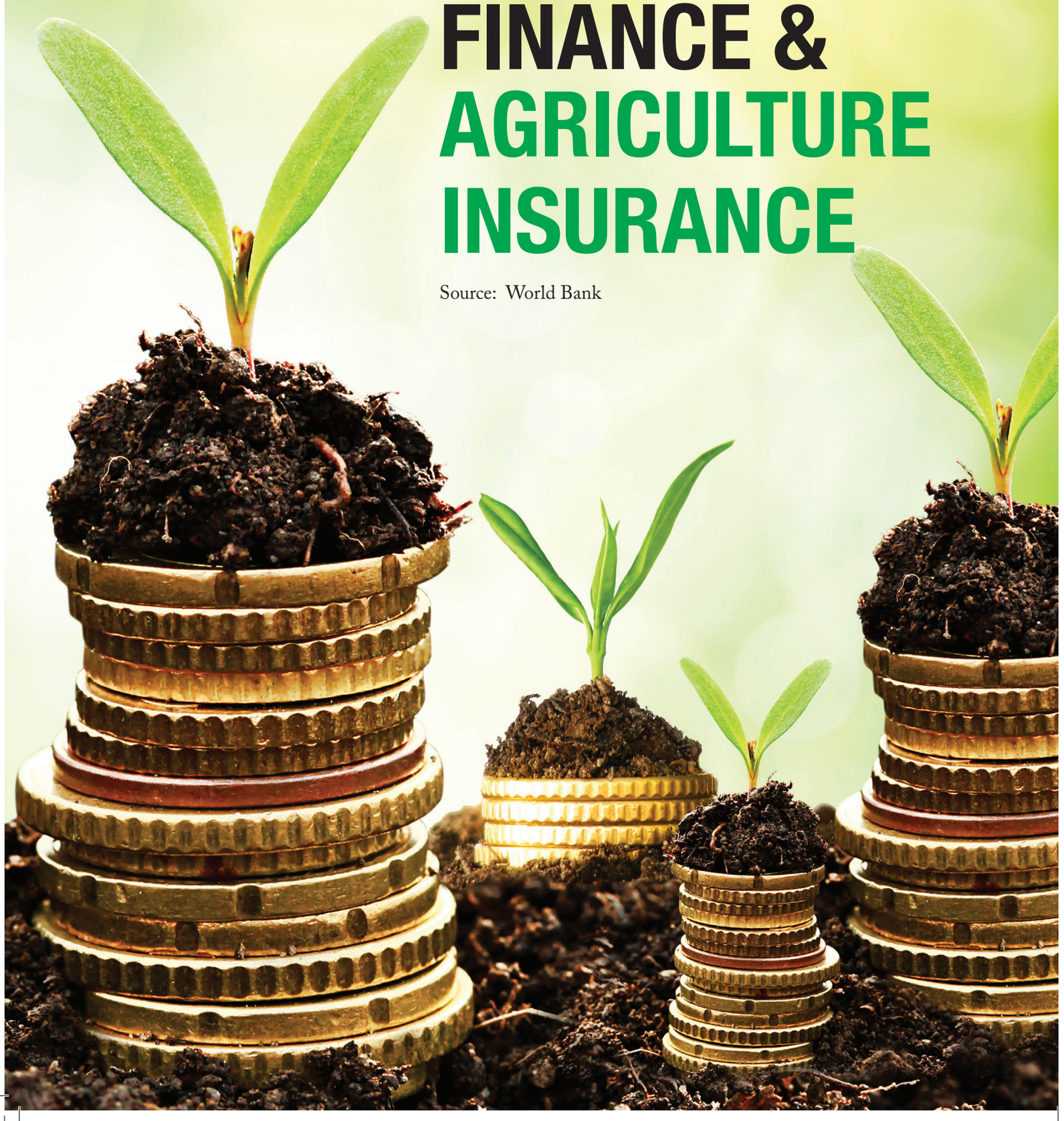
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OVERVIEW:

There is an ever increasing need to invest in agriculture due to a drastic rise in global population and changing dietary preferences of the growing middle class in emerging markets towards higher value agricultural products. In addition, climate risks increase the need for investments to make agriculture more resilient to such risks. Estimates suggest that demand for food will increase by 70% by 2050 and at least $80 billion annual investments will be needed to meet this demand, most of which needs to come from the private sector. Financial sector institutions in developing countries lend a disproportionately lower share of their loan portfolios to agriculture compared to agriculture sector's share of GDP.

On the other side, the growth and deepening of agriculture finance markets is constrained by a variety of factors which include: i) inadequate or ineffective policies, ii) high transaction costs to reach remote rural populations, iii) covariance of production, market, and price risks, and iv) absence of adequate instruments to manage risks, v) low levels of demand due to fragmentation and incipient development of value chains, and vi) lack of expertise of financial institutions in managing agricultural loan portfolios. The development of agriculture requires financial services that can support: larger agriculture investments and agriculture-related infrastructure that require long-term funding (given that currently transportation and logistics costs are too high, especially for landlocked countries), a greater inclusion of youth and women in the sector, and advancements in technology (both in terms of mechanizing the agricultural processes and leveraging mobile phones and electronic payment platforms to enhance access and reduce transaction costs). An important challenge is to address systemic risks through insurance and other risk management mechanisms and lower operating costs in dealing with smallholder farmers.

Agriculture finance and agricultural insurance are strategically important for eradicating extreme poverty and boosting shared prosperity. Globally, there are an estimated 500 million smallholder farming households – representing 2.5 billion people – relying, to varying degrees, on agricultural production for their livelihoods. The benefits of our work include the following: growing income of farmers and agricultural SMEs through commercialization and access to better technologies, increasing resilience through climate smart production, risk diversification and access to financial tools, and smoothing the transition of non-commercial farmers out of agriculture and facilitating the consolidation of farms, assets and production (financing structural change).

WHAT WE DO:

We focus on developing and implementing agriculture finance strategies and instruments to crowd-in private sector, enhancing access to suitable financial services to farmers – particularly smallholders – and agricultural Small and Medium Enterprises (SMEs) as a way to increase agricultural productivity and income, and facilitating the consolidation/ integration of production and marketing entities in agriculture to achieve economies of scale and stronger presence in markets.

We primarily work on agriculture finance, agriculture insurance and its linkages with agriculture finance. Our key areas of work are described below –

- *Policy and Regulatory Interventions – Agriculture Finance:* We conduct diagnostic studies on the state of agricultural finance within client countries and produce concrete action plans to reform public policies and regulations in order to create an enabling environment to mobilize agricultural finance. Some examples of policy and legal/regulatory intervention areas include lending quotas, interest rate caps, bank branch expansion regulations, prudential regulations impacting agricultural lending, warehouse receipt financing frameworks, and alternative dispute mechanisms for contract farming.
- *Policy (and Insurance Product Development) Advisory – Agriculture Insurance:* We advise governments on policies for agriculture insurance (e.g. financial incentives, premium subsidies, and the overall role

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of government to promote agriculture insurance) and on development of effective insurance products. Additionally, we also collaborate with the Global Index Insurance Facility (GIIF) and the Disaster Risk Finance and Insurance Program (DRFIP) on certain projects and activities.

- *Strengthening of Relevant Institutions:* We provide technical assistance to reform and build capacity of public financial institutions, to establish commodity exchanges, and to build capacity of MFIs and other institutions. We operate a special program focused on financial cooperatives, given the importance of these entities as providers of financial services to smallholder farmers, rural MSMEs and households. This program aims to strengthen their performance as well as to enhance applicable regulations and oversight arrangements to better integrate them into their country's financial system. Furthermore, we design and implement in projects risk-sharing mechanisms through various instruments, such as partial risk guarantees.
- *Developing Innovative Products:* We assist in the design and develop a wide range of instruments, either as a technical assistance or part of lending projects: value chain finance, inventory finance (examples include warehouse receipts, CMA, and SMA), partial credit guarantee schemes for agriculture-sector loans, matching grants, crop insurance, price hedging instruments, and gender finance. We also work on developing mobile banking & payment platforms to enhance access to finance and reduce transaction costs within the eco-system. An important focus of our work in this area has been to develop solutions to reduce the riskiness of agriculture by addressing systemic risks (e.g. production and weather risks through insurance, and price hedging instruments) and also focus on ways to reduce operating costs in reaching to smallholder farmers and SME agribusinesses (for instance, the role of digital finance technologies).
- *Knowledge Management and Community of Practice:* Informed by our in-house research and knowledge production, we carry out activities both at the internal level (including community of practices and training programs) and at the external level (global and regional dissemination events, South-South exchange and capacity building for policy reforms, among others). We organized two Community of Practice: one on agriculture finance and insurance and another one specific to financial cooperatives.
- *Global Engagements:* Since 2011, we have served as a technical advisor to the G20 Global Partnership for Financial Inclusion (GPFI) SME Finance Sub-Group on issues related to agricultural finance and insurance. Also, we haves formed a partnership with Rabobank on financial cooperatives that aims to contribute to the global knowledge on these institutions and their promotion building on concrete experiences. ■

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FDH KEEN ON FINANCIAL INCLUSION

FDH Bank continues to grow as a bank. Being a bank whose vision is to be the leading provider of first class financial solutions to the country, FDH Bank has continued to work tirelessly to champion financial inclusion and offer the best banking experience to the population at large. **Kawawa Nsapato** is the Head of Personal and Business banking at FDH Bank, **Malawi Banker** had a chat with him.

What have you done so far to enhance financial inclusion?

We continue to expand and improve our footprint and have recently moved our branches from their constrained premises to bigger and more ambient premises at Chichiri Mall, Chiradzulu, Kasungu and Balaka. This will make us more accessible to customers and would-be customers. This exercise continues and will be completed in 2018. Furthermore we have introduced digital solutions that aim to break the barriers for access to finance for the unbanked and under-banked. Our FDH Wallet has revolutionalised the concept of banking in Malawi whereby the lines between the banked and the unbanked have been blurred and more people are being brought into the formal economy in this way.

As you said, branches like Chichiri was renovated to a bigger and more dynamic branch, Chiradzulo, Balaka and Salima moved from post office to new branches, what value is this adding to the customer and to your business?

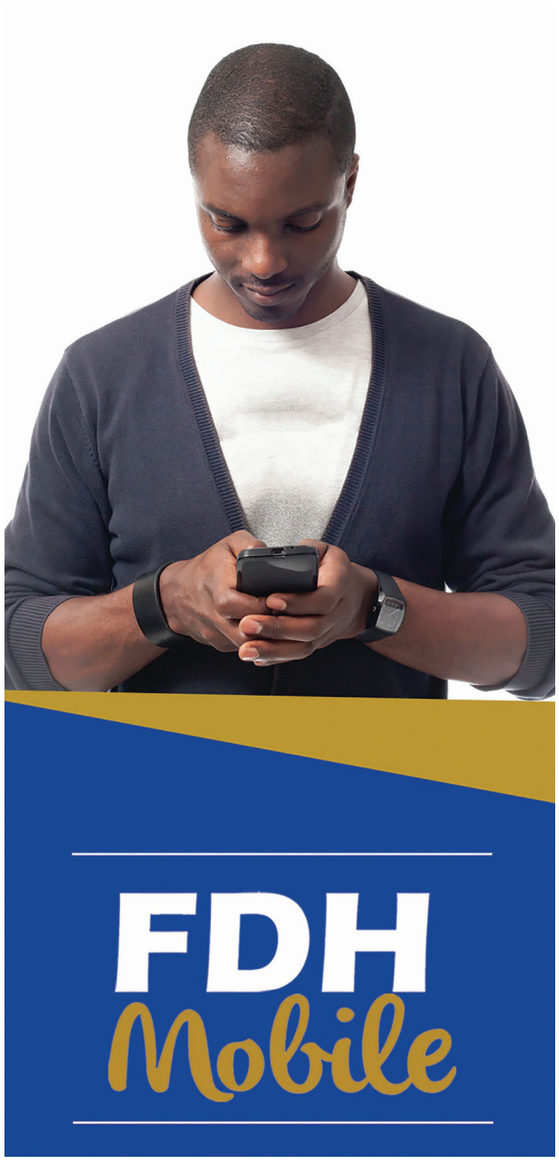
The customer experience has been greatly improved by these initiatives, but beyond that we now have increased capacity to serve more customers than ever in these areas. Our business will benefit as well with increased transactional volumes made possible by this move.

Are there more expansion plans in the pipeline? Do share.

We intend to move our outlets to Mzimba, Salima, Mulanje, Namwera and Chitipa in 2018. We are also looking at expanding our footprint further to supplement our digitization efforts, and we will soon be opening an outlet at Goliati, thus bringing our services closer to people that are geographically far from large urban centres but have a capacity to make a positive contribution to our economy.

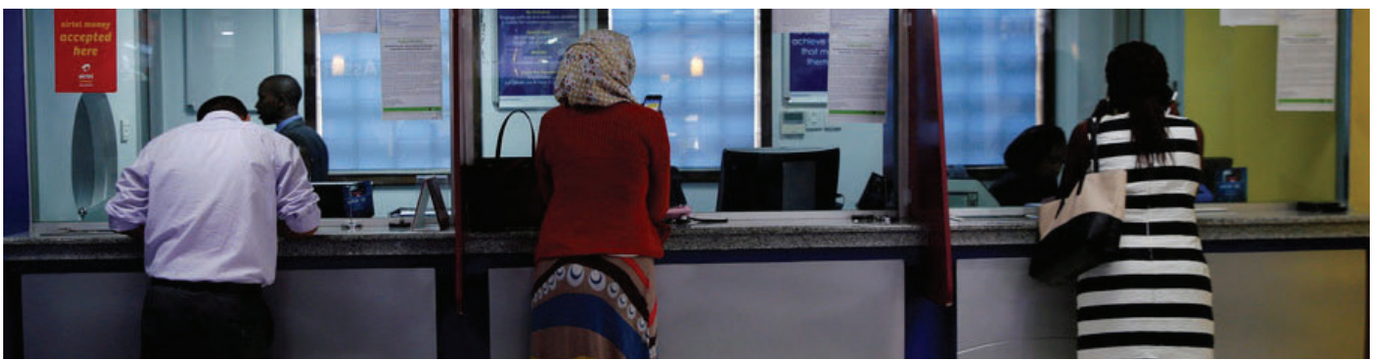
The bank has positioned itself as a digital bank; products like FDH Mobile, FDH Wallet, cardless withdrawal are on the market, how would you say these digital products are enhancing financial inclusion?

These products break barriers for people to access banking services, such as physical distance to a branch and the cost of travel. Thus more people



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> With the widest footprint in the industry, we are well positioned to access our target market through our **53 branches** and **92 ATMs** spread countrywide. Our sophisticated digital banking bouquet will supplement these efforts, while as our flexibility and agility gives us a springboard to quickly respond to customer needs with relevant solution



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are embracing the formal banking channels at a much lower cost than before.

What is next on the agenda in terms of the FDH Bank's digital plans?

We intend to consolidate on the digital products introduced recently and seek to generate necessary critical mass, while we continue to innovate as informed by our customer needs as well as market trends. The aim is to satisfy the increasingly sophisticated customer of today, whilst also reaching out with tailor-made solutions to the large slice of our population which remains unbanked.

At this point, the bank has grown and expanded heavily in the last three years, what is your current target market?

We aim to stay relevant to all customer segments, with special emphasis on the mass unbanked and under-banked who hold the key to unleash untapped economic potential for the nation. We also continue to cultivate the SME segment which will continue to be the engine of the economy, aiming to provide them with solutions that increase their ease of doing business and increase their growth potential.

Are you able to access this target market? How?

With the widest footprint in the industry, we are well positioned to access our target market through our 53 branches and 92 ATM's spread countrywide. Our sophisticated digital banking bouquet will supplement these efforts, while as our flexibility and agility gives us a springboard to quickly respond to customer needs with relevant solutions.

Was 2017 a good year for the bank? What are the bank's projections for this year?

2017 was a very good year. We made huge strides in terms of innovation in 2017, making life easy for thousands of our customers who now enjoy a much better customer experience with a myriad of alternative channels for accessing our services. Furthermore we improved our network of branches as we sought to bring all our outlets to the same acceptable standards. With the stable and even improving economic indicators being experienced we envisage 2018 to be an even better year. ■

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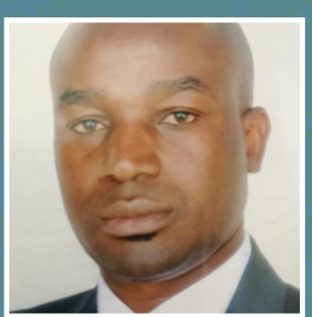
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