



# FINMARK NEWS

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## Banks buy in

Cash remains king in Botswana, where almost half of the country's population live in settlements and towns that have no banking services. As a result, many individuals and businesses are restricted to using cash to transact.

For most people, the main access to banking services is the Botswana Savings Bank, operating in association with the Post Office, which is well represented across the country. Overall there are only 3.8 bank branches and nine ATMs per 100 000 people.

These are some of the findings of a new study, *Enhancing access to banking and financial services in Botswana*, written by Keith Jefferis and funded by the FinMark Trust.

The study concludes that conventional banking isn't the solution – innovative approaches will be needed to reach the unbanked.

Recommendations include:

- Encouraging private sector-driven solutions that take advantage of emerging technological opportunities such as cellphone banking, or using agents such as retail stores;
- Changing the bank licensing regulations to create more flexibility in the provision of banking services; and
- Pushing banks to accept the idea of greater social inclusiveness, either by moral suasion or more formal pressure.

At the launch of the report in Gaborone this month, Finance and Development Planning Minister Baledzi Gaolathe urged the banking sector to extend financial services across the country.

His call is likely to be favourably received. Recently, commercial banks in Botswana have embarked on a number of initiatives aimed at the lower end of the market. These include Barclays Bank of Botswana and FNB opening portable banks in rural areas, and Bank Gaborone rolling out convenience ATMs at business and retail outlets countrywide.

Download a copy of the report at [http://www.finmarktrust.org.za/documents/2007/June/Btsw\\_booklet.pdf](http://www.finmarktrust.org.za/documents/2007/June/Btsw_booklet.pdf)



**Taking housing into their own hands**

## Scope for growth

A lack of housing finance means that most households in Africa build their homes in stages, adding on rooms and upgrading as they get the money. Yet, in Zambia, where formal housing finance is largely absent, and there are limited informal, shanty settlements in cities like Lusaka, most households still manage to build a basic brick structure. Why they feel secure enough to do this without formal tenure, apart from where they get the means to do so and actually make this happen, are some of the many unanswered questions about housing in Africa.

In an attempt to understand the needs of this market better, FinMark Trust has started a series of scoping exercises in Africa on the theme of *Access to Housing Finance in Africa: Exploring the Issue*. The first study, on Zambia in complete and available to download from our website at [http://www.finmarktrust.org.za/documents/2007/May/HFAfrica\\_Zambia.pdf](http://www.finmarktrust.org.za/documents/2007/May/HFAfrica_Zambia.pdf)

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## Enabling environment

Creating the correct enabling environment is essential if the insurance industry is to effectively offer services that include both the upper- and lower-income markets.

The International Association of Insurance Supervisors (IAIS) and the Consultative Group to Assist the Poor (CGAP) have released a paper, *Issues in Regulation and Supervision of Microinsurance*, prepared by the IAIS-CGAP Joint Working Group that outlines the salient features of regulation and supervision of microinsurance. The report is a contribution to the discussion around extending insurance to the lower income segment of the market, and is essential reading for regulators, supervisors and others involved in the microinsurance business.

A copy of the paper is available at [http://www.iaisweb.org/view/element\\_href.cfm?src=1/2495.pdf](http://www.iaisweb.org/view/element_href.cfm?src=1/2495.pdf)

## Next FinMark Forum

While there is a general feeling that the low end of the consumer credit market remains untapped and that there are huge opportunities in banking the unbanked, there is a lack of reliable information to substantiate these claims. So please join us on June 27 for an illuminating presentation by Wilhelm Nauta, an investment analyst at Bernard Jacobs Mellet, on *Market sizing, opportunities and competitive positioning in the low-income consumer credit industry*. Nauta will put forward a model for calculating the supply, demand and untapped market, and consider the scope for banking the unbanked.

Please note the change of venue for this month's Forum.

**Time:** 17:30–18:45 (drinks afterwards)

**Temporary Venue:** Old Mutual

Square, Isibaya Building,  
93 Grayston Drive, Sandton

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