

MALAWI

BANKER

MALAWI'S FINANCIAL MAGAZINE OF CHOICE

VOL 30 / 2023

**LIFTING THE
ECONOMY TO
STABILITY IS NOT
AS CRYPTIC**

HOW FINANCIAL
MARKETS THRIVE
IN THE RUINS OF
AN ECONOMY

BREAKING FINANCIAL INCLUSION BARRIERS

SPYRIDON GEORGOPOULOS

CEO - First Capital Bank (FCB)



A GREAT TRIP STARTS WITH A GREAT CARD

➤ **Anywhere & Everywhere**

Withdraw cash at any Visa ATM with NBS Bank Visa Debit Card.



visit any Service Centre and get yours today.

#MakingBankingEazy #YourCaringBank #ItsClear

NBS Bank is regulated by the Reserve Bank of Malawi which can be contacted on 01 770 600. The Bank principal office is at Ginney Corner Blantyre.



Call Centre: 322 | WhatsApp: 0888 322 322 | www.nbs.mw

In this issue



10

Harnessing the export market under AfCFTA

The Open Development Institute (ODI) says the trade deficit between Malawi and the rest of African countries has continued to worsen in recent years, rising from \$406 million (about K420 billion) in 2016 to \$670 million (about K694 billion) in 2020.

16

The winding road to industrialisation

Once upon a time, Malawi used to be a relatively stronger industrial hub. In those days, the Makata and Chirimba industrial areas in Malawi's commercial capital, Blantyre, were very busy and noisy as machines grinded raw materials into high value finished products.

Lifting the economy to stability is not as cryptic

Feelin' our content?

You really should subscribe ;-) Do it now at www.bammalawi.org

Features



- 24** Money matters; saving, investment in Malawi
- 26** Wealth creation hinges on political will
- 34** Financing viable businesses for forex generation
- 36** Banks support for Cyclone Freddy survivors
- 43** **Culture:** Revival of culture systems
- 44** Bitcoin and regulations



EDITOR'S NOTE

A trip down the memory lane should always be nostalgic. It brings about mixed feelings instead; some happiness fused with soreness.

At times, one can be flooded with euphoria, especially over greater strides recorded. But this all vanishes when memories of some lost glory are rekindled.

That is the case for Malawi where once upon a time, the country used to be a relatively stronger industrial hub.

In those days, industrial areas in Malawi's commercial and administrative capitals—, Blantyre and Lilongwe—were very busy and noisy as machines grinded raw materials into high value finished products. These were export commodities.

But tales have changed. Malawi is now a predominantly importing and consuming nation billed in excess of \$3 billion a year on imports versus a \$1 billion exports value.

There are glaring mismatches between forex demand and supply which require realignment.

There are, surely, no quick fixes.

Needed are deliberate efforts to direct energy towards addressing the fundamental issues of production to ensure the industry is lifted to a point that holds the economy to stability, and then achieve sustainable

growth.

Agriculture sector—the economy's mainstay—has to be awakened from the slumber, and should be complemented by tourism, mining and other sectors where massive public and private sector investment is required.

There is a wide export market opportunity being created under the African Continental Free Trade Area. The AfCFTA—the continent's single biggest trading target—is aimed at bringing together all the 55 member states of the African Union in an intra-African continental free trade area.

It would create a market of more than 1.3 billion people and a combined gross domestic product of up to \$3.4 trillion. If fully implemented, the AfCFTA could leverage intra-African trade and increase trade among member states by up to 110 percent. In addition, the AfCFTA could lift up to 30 million people out of extreme poverty and up to 68 million people out of moderate poverty.

Malawi just needs to have a competitive edge.

The takeaway from this issue is clear; already, Malawi has suffered enough loss leading to economic misfortune. At the same time, it has what it takes to regain the lost glory.

Enjoy reading!



→ Agriculture sector—the economy's mainstay—has to be awakened from the slumber, and should be complemented by tourism, mining and other sectors where massive public and private sector investment is required.



ON THE COVER

→ Malawi Banker Magazine engages the **First Capital Bank (FCB) Chief Executive Officer, Spyridon Georgopoulos.** Breaking financial inclusion barriers



Malawi's financial magazine of choice

Catch the very latest and trending insights into the business and banking sector in our publications.

EDITORIAL TEAM

EDITOR IN CHIEF: PAUL KAMANGA.

DESIGN CONSULTANT: FUNSANI JOHN SCANDER | fjscander@gmail.com

EDITORIAL CONSULTANT: MEDIA CONSULT | mediamwconsult@gmail.com

SECRETARIAT: CHIFUNDO MMANIWA +265 (0) 999 562 451 | bamexec@bankers.mw



Centenary
Bank

A member of Centenary Group



Re-imagine banking

- As a bank with 40 years' experience, we understand what it takes to make your dreams a reality. It's time to re-imagine what's possible.

Welcome to **Centenary Bank**.



WE HAVE **DO**NE IT!
**WE ARE
BACK!**

**KAPICHIRA POWER
RESTORATION PROJECT**

MALAWI BANKER

BANKERS ASSOCIATION OF MALAWI

2023 COUNCIL MEMBERS



ZANDILE SHABA
1ST VICE PRESIDENT - CENTENARY BANK



MACFUSSY KAWAWA
PRESIDENT - NATIONAL BANK OF MALAWI



PHILLIP MADINGA
2ND VICE PRESIDENT - STANDARD BANK



LYNESS NKUNGULA
SECRETARIAT



DR. RAYMOND FORDWUO
ECOBANK



NOEL NKULICHI
FDH BANK



KWANELE NGWENYA
NBS BANK



KWAME AHADZI
CDHIB



**SPYRIDON (SPIRO)
GEORGOPOULOS**
FIRST CAPITAL BANK



MIKE CHIWALO
FIRST DISCOUNT HOUSE

WE REMAIN RESILIENT



We all might have a reason to be pessimistic—especially on the economic outlook. Effects of Cyclone

Freddy make the foreseeable future a bit bleak, apparently.

Other structural challenges including fiscal imbalances, elevated cost of living, high borrowing rate and persistent power outages which intensified pressure on the economy.

In Malawi, where climate change-induced shocks top the list of risks, level of economic fragility is noticeable.

The harsh weather conditions—which swing from a year of drought to another with flooding—continue to degrade the arable land, making things more volatile for the agrarian economy.

Amid the slippery terrain, the banking sector remained resilient—and it is poised to maintain that trajectory.

Reading through financial statements from commercial banks for the year ended December 2022, one can note that they all have posted good tidings.

Cumulatively, as at December 2022, the banking sector's total assets grew by 14.8 percent (K467.7 billion) to K3.6 trillion from its June 2022 position.

Commercial banks made a combined K236.7 billion profit during the year, up from K137 billion in 2021.

And the regulator, the Reserve Bank of Malawi, says "the sector remained well capitalised", a signal for sustained positive performance.

It is a foregone conclusion that a sound and resilient banking sector anchors an economy, even in times of calamities.

Ours is a typical example of a feeder



into all other sectors, which should remain afloat at all times, not only to be deemed relevant above others, but more importantly, to cushion other sectors in times like we have gone through as a country.

Banks should maintain a strong capital base as required at all times, and should demonstrate that by sustaining a positive profitability trajectory.

Anything that could erode such tidings is a recipe for shaking the very foundations of our economy.

We, therefore, commit to work tirelessly, in mutually-beneficial corroboration with the authorities, towards ensuring that a sound environment is created to permit sustainable growth of the banking sector.

We remain resolute, and we will remain resilient.



REUNION INSURANCE COMPANY LIMITED
"Your first class Insurer"



MOTOR INSURANCE

Unexpected events happen

GET IN TOUCH

+265 999 874 007
+265 887 099 450
+265 1 757 158/ 1 312 129

REGIONAL OFFICES

Head Office (BT)
Lilongwe, Mzuzu.

BRANCHES

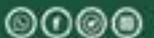
Blantyre, Lilongwe
Zomba.

SERVICE CENTRES

Lilongwe Game Complex
Mulanje, Mangochi.

BORDERS

Dedza, Mchinji
Mwanza, Songwe



www.reunioninsurance.com

The President's Message



In almost three decades, the country has recorded an annual average of 4.3 percent growth rate, shy of the six percent target to move up the ladder to becoming a lower-middle-income economy by 2030.

I had optimistic views for possible sharing in this edition; not until Cyclone Freddy hit the country!

As we entered the New Year, we all hoped for a relatively less bumpy ride when compared to the experiences of the past three years. On the contrary, the harsh weather conditions have, again, brought about devastating effects to the economy, and the outlook remains murky. Hundreds of lives have been lost and scores of people were rendered destitute.

No sector is spared from the calamity, and authorities would have to rejig assumptions anchoring growth prospects.

Rebuilding would take a fortune. But we still have to rebuild.

Minus exogenous shocks, the local economy has had myriad pressure points including climate change. It has tossed the agrarian economy from a year of floods to another with drought.

The patterns have not been favorable for sustainable economic growth. In almost three decades, the country has recorded an annual average of 4.3 percent growth rate,

shy of the six percent target to move up the ladder to becoming a lower-middle-income economy by 2030.

Economic activities have been largely skewed.

Share of the agriculture sector—Malawi's mainstay—has been shrinking. In 2022, the sector grew by a meager 0.9 percent, lowest growth rate in recent years compared to the 5.9 percent, 3.4 percent and 3.8 percent growth recorded in 2019, 2020 and 2021, respectively.

The manufacturing sector's contribution to the economy has for long stagnated at slightly above 10 percent, with a dismal 14 percent of the manufactured products being exported. Consequently, there has been glaring mismatches between forex demand and supply on the market. The Imports bill remained elevated, seen at \$3 billion per annum, against a \$1 billion exports value.

The economic vulnerabilities are requiring deeper reflection, sober conversation, and a resolute and collective action.

This is what this edition of the Malawi Banker Magazine is about.

Read through!



THE WORLD BANK
IBRD - IDA | WORLD BANK GROUP

FINANCIAL INCLUSION AND ENTREPRENEURSHIP SCALING PROJECT

THE CHALLENGE

The Micro Small and Medium Enterprises (MSMEs) in Malawi are faced with a lot of challenges, including: low access to finance, lack of proper financial infrastructure which contribute to high cost of wholesale funding available for Micro Finance Institutions and smaller banks which they pass on to their borrowers, lack of capacity among firms, lack of appropriate technological infrastructure and awareness, which contribute further to the perception of high risk of MSMEs and consequently their high cost of borrowing and also challenges occasioned by the Covid-19 implications.

THE SOLUTION

Financial Inclusion and Entrepreneurship Scaling (FInES) is a five-year Government of Malawi project being implemented by the Reserve Bank of Malawi under the Project Implementation Unit (PIU) with support from the World Bank. The project is aimed at increasing access to financial services, promoting entrepreneurship and capabilities of MSMEs in Malawi including addressing Covid-19 implications. The project cost is USD86 million with the entire amount financed by the International Development Association loan. The program has four main components:

PROJECT PROFILE APPROACH

Liquidity enhancement, Financial Inclusion, Capacity building of Micro Small Medium Enterprises, Environmental and Social Management Systems, Digital financial services, Consumer protection and Financial literacy.

IMPLEMENTATION PERIOD;

November 2020 - September 2025.

IMPLEMENTING PARTNERS;

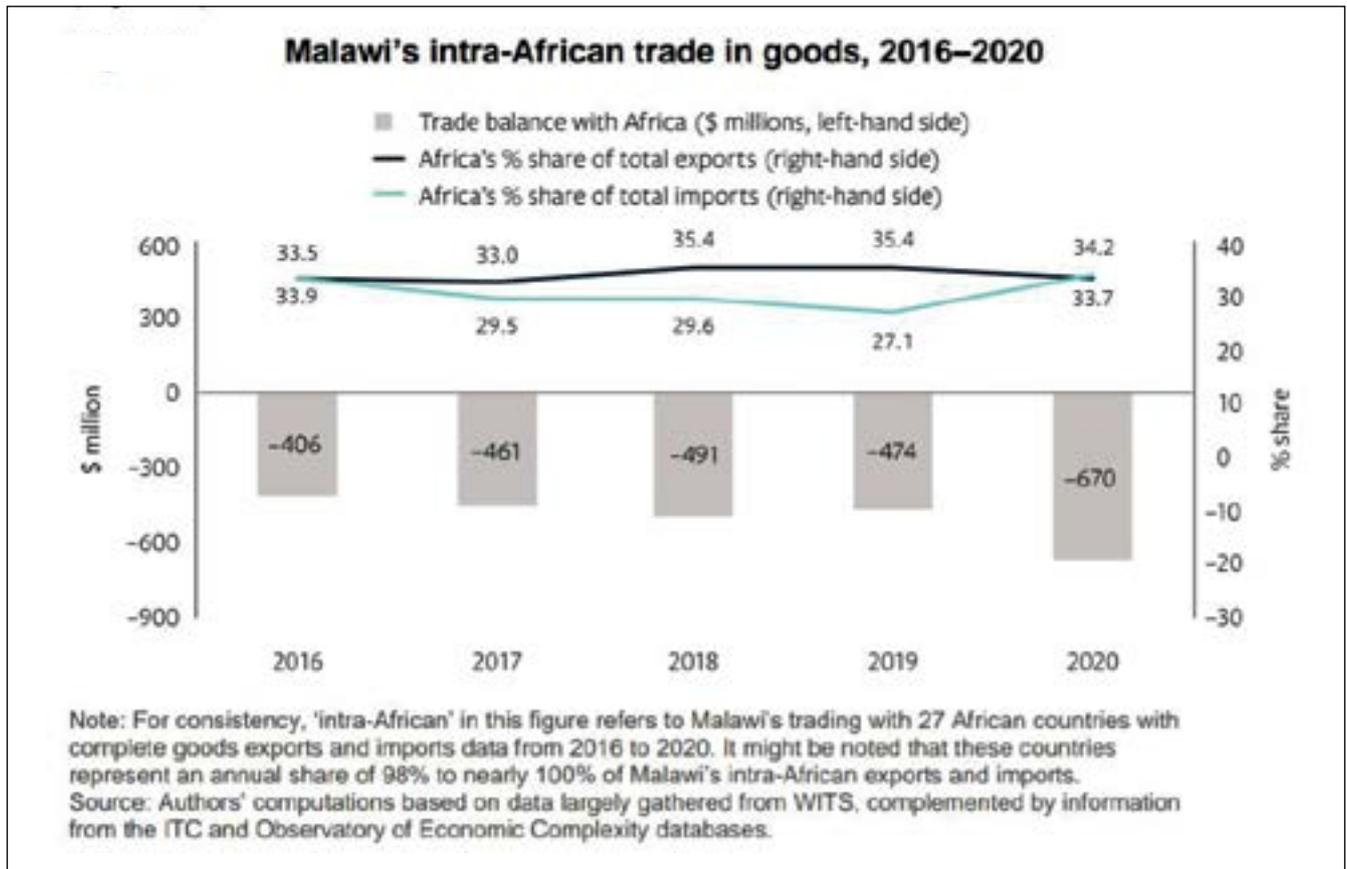
Reserve Bank of Malawi,
Ministry of Industry and Trade

PARTICIPATING FINANCIAL INTERMEDIARIES:

NBM Development Bank, NBS bank, MyBucks banking, Standard Bank, MAIIC, COMSIV Limited, NEEF Limited, Microloan Foundation Limited, Saile Financial Services Limited, FINCA Malawi Wealthnet Finance Plc, CUMO, Vision Fund.

HARNESSING THE EXPORT MARKET UNDER AfCFTA

BY STAFF REPORTER



WIDE—Trade balance

The Open Development Institute (ODI) says the trade deficit between Malawi and the rest of African countries has continued to worsen in recent years, rising from \$406 million (about K420 billion) in 2016 to \$670 million (about K694 billion) in 2020.

This, it says, is despite existing export potential for the economy.

In its recent analysis on the country's opportunities and challenges towards implementation of the African Continental Free Trade Area (AfCFTA), ODI said the trade deficit deteriorated during the Covid-19 pandemic era in 2020 as demand for Malawian exports from the continent declined by 18.7 percent to \$263 million (about K272 billion), while imports rose

by 16.9 percent to \$932 million (about K956 billion).

According to the data, on average, between 2016 and 2020, around a third of Malawi's exports were destined for African countries (34 percent) and a similar share of Malawi's goods imports (31 percent) originated from the continent.

During the same period, the largest export destinations, taking in 70 percent of intra-African exports, were South Africa (22.3 percent), Zambia (14.1 percent), Kenya (11.8 percent), Tanzania (11.7 percent) and Zimbabwe (10.9 percent).

Meanwhile, Malawi's intra-African imports are dominated by goods from South Africa (58.9 percent) and Zambia (15.5 percent).

By product, more than half of exports to the continent between 2016 and 2021 comprised stemmed and stripped tobacco (17.2 percent), soya bean cake oil (9.4 percent), cane sugar (9.3 percent), fermented black tea in packings exceeding 3kg (8.4 percent) and ground nuts.

Reads the ODI analysis in part: "To start gaining from the AfCFTA,

→



SAYS MORE NEEDS TO BE DONE—Kaferapanjira

→

Malawi may need to put in simultaneous efforts with regard to undertaking a comprehensive gap analysis between domestic laws and international trade commitments; expediting the review and finalisation of its tariff offers to guide and activate firms' trading under the AfCFTA in collaboration with international partners, addressing structural challenges that impede AfCFTA implementation and finalising and implementing its AfCFTA strategy with clear timelines and alignment with national development goals."

Malawi recognises the AfCFTA as an opportunity to achieve the country's goal of expanding and diversifying its export products and services at the regional and global levels under its National Export Strategy II (2021-2026).

Meanwhile, the government has prepared the AfCFTA National Strategy, which was validated in 2021.

The strategy outlines tobacco, sugar, beverages, oilseeds, pulses, cereals, rice, maize for seed, fish, coffee extracts, wood and wood products, plastic products, tourism, telecommunication services, insurance and financial services, business services, accounting and engineering services as export commodities that could benefit from the continental agreement.



MSOKERA—The strategy will identify the potential value chains

In 2021, Malawi also signed other plurilateral agreements to complement the AfCFTA, including the Protocol on Free Movement of Persons and the Single African Air Transport Market.

Data from the Trade and Law Centre indicate that as of February 2023, 54 out of the 55 African countries (except Eritrea) had signed the AfCFTA and 46 countries had deposited their instruments of ratification to the AU Commission.

Countries ratifying the agreement can trade with each other based on their tariff concessions and rules of origin.

However, the African Union reports that as of January 2022, 87.7 percent of tariff lines had been agreed, with tariff lines pending in textiles, automobiles, sugar and tobacco.

With the adoption of the AfCFTA, tariffs on goods originating from other African countries will also be progressively liberalised in stages, barring products from the 'sensitive' and 'exclusion' lists.

Tariffs will be liberalised (to zero) for 90 percent of tariff lines over a period of 10 years for least developed countries (LDCs) including Malawi, five years for non-LDCs and 15 years for six selected countries.

Many LCDs such as Malawi rely heavily on international trade taxes as a

source of revenue to finance day-to-day government operations.

As such, there have been concerns that Malawi and other small economies may be left grappling with the negative effects of tariff cuts should the AfCFTA roll out as designed.

Such concerns have led Malawi and other countries to push for special and differential treatment in the implementation of the AfCFTA's provisions on the elimination of import duties and other tariffs.

Trade experts have also previously advised that the AfCFTA should be backed by increased productive capacity, enhanced regional value chains and remove internal obstacles to the growth of small and medium enterprises so that African countries, including Malawi, can compete well in the liberalised regional market.

Malawi Confederation of Chambers of Commerce and Industry (MCCCI) has on a number of occasions said local businesses are not yet ready for AfCFTA due to lack of competitiveness.

MCCCI Chief Executive Officer Chancellor Kaferapanjira is on record as having said the major source of competitiveness is electricity, which the industry does not have; hence, rendering the country uncompetitive.

However, the Ministry of Trade and Industry is banking on the AfCFTA strategy for a turn-around.

Ministry of Trade and Industry spokesperson Mayeso Msokera said: "The strategy will, among other things, identify the potential value chains, trade opportunities, current constraints, measures and strategies to implement if Malawi is to take full advantage of the regional and global markets that will be created through the AfCFTA".

According to the International Monetary Fund, Malawi could be one of the top four economies to reap gains from AfCFTA, a market of 55 countries with an estimated combined gross domestic product (GDP) of \$2.5 trillion, once it ratifies the agreement.

AfCFTA covers a population of over one billion, 60 percent of whom are below the age of 25 years, presenting a wide market for Malawi's products.

LIFTING THE ECONOMY TO **STABILITY** IS NOT AS CRYPTIC

BY KINGSLEY JASSI



NEXT BIG THINGS?—Tourism

Malawi's forex situation is worsening each month. The year 2023 started with just one month of import cover and in the middle of first quarter, the reserves had dropped further to less than a month of import cover.

With imports dropping by over \$1 billion last year, the industry was short of raw materials, affecting productivity.

"The (industry) growth rate for 2022 plummeted to 0.7 percent because of the unavailability of foreign exchange, fuel recession in the agriculture sector and erratic electricity supply," says an annual economic report by the Reserve Bank of Malawi.

This economy has been relapsing over the years as seen in not only growth rate but also exports that have fallen from \$1.5 billion in 2014 to \$957 million in 2022. On the other hand, NGOs receipts have also fallen from over \$1 billion to just over \$853 million, as Foreign Direct Investments (FDI) have also dipped lately.

Many foreign parent companies are also de-investing in the local subsidiaries due to industrial woes, causing more pressure on the foreign reserves.

The low forex inflow as a result of low tobacco and sugar proceeds, coupled with Kayerekera Uranium mine closure and reduced aid and FDI inflows have met with the surging imports

demand as a result of growing population. Bundled together, all these factors have caused the economic imbalance that has triggered high inflation, sending more Malawians into poverty trap and crippling the industries.

There is a need to direct energy towards addressing the fundamental issues of production to ensure the industry is lifted to a point that holds the economy to stability, and then achieve sustainable growth. This means the economy has to recover the \$1.5 billion exports, even more.

Looking at the recent figures, the economy needs to make, at least, \$2 billion from trade alone. With the usual NGOs receipts, Official Development



LOSING ITS CHARM?—Tobacco was once touted as Malawi's green gold

Assistance, FDIs, remittances and other sources could enable stability.

However, achieving the \$2 billion exports mark requires doing things the right way and that is to channel energy and resources on production to harness the opportunities available, especially in the primary sectors like agriculture.

The Ministry of Agriculture says the country has about 600 000 hectares of irrigable land but only less than 20 percent of that is utilized. If just 200 000 hectares of this unused irrigable land were turned into commercial farms for export oriented production, the \$2 billion exports can easily be achievable.

Crops that are on high demand at the international market need to be selected and prioritised for large scale production. The country always fails to supply rice, pigeon peas, soybeans, maize etc to international markets every time the Malawi Investment and Trade Centre (MITC) secures markets and this is due to low production volumes.

With rice, 200 000 hectares would give about 600 000 tons of yield, at an average of 3 tons a hectare which can already bring, at least, \$600 million a

year.

Legumes are also a potential forex earner. There are thousands of hectares of idle farms in Lilongwe, Kasungu, Mchinji, Salima and some parts in the southern region. The country needs over 500 000 metric tons to produce cooking oil annually but farmers only produce less than 200 000 tons of soybeans. That means a lot of forex is needed to import refined and non-refined cooking oil to satiate the local demand.

Is there any sensible reason why the country cannot produce, at least, 500 000 tons? It would only take 125 000 hectares of land to produce 500 000 tons, at an average yield of four tons per hectare and that would generate K300 billion as income for farmers. That is actually 2.5 percent growth contribution to the economy by soybeans production alone.

There is macadamia as, currently, Malawi is the 7th largest producer, earning around \$20 million annually. So, there is experience in production already, scaling up is all that is needed to reach the potential.



Crops that are on high demand at the international market need to be selected and prioritised for large scale production. The country always fails to supply rice, pigeon peas, soybeans, maize etc to international markets every time the Malawi Investment and Trade Centre (MITC) secures markets and this is due to low production volumes.

A hectare can yield four tons and that is \$20 000, with the current prices of at least \$5 per kg on the international market. On a scale of 100 000 hectares, that would generate \$2bn annually. Scaling down to 10 000 hectares, it still generates \$200 million annually.

With so much land, labour and available export markets that are even preferential all the country needs to do is to allocate financial resources from either private or public coffers, assemble production technologies and expertise to scale up commercial production of the potential crops.

Increased income and forex generated from agriculture would unlock opportunities in other sectors like manufacturing, mining and tourism. That would transform the economy from agrarian to industrialised.

However, the question is why are we not turning the available land, water, labour and market opportunities into economic activity at the scale that would start to transform the country?

The leadership should be on the driving seat, leading the way in turning the opportunities into productivity by

setting up a team that stirs industrialization and following up projects.

A bankable investment plan should be able to attract local financing, tapping from the pension funds that are now at K1.4 trillion. Much of these funds are in government securities, and stocks at the Malawi Stock Exchange, but the country needs these resources to pour into greenfield investments.

There are foreign financing opportunities, too. The US does not just offer the AGOA preferential market for Malawian agricultural products. They also have the International Development Finance Corporation with a portfolio of over \$37 billion. They are ready to provide investment financing but the country is so obsessed with free aid through USAID.

There is British International Investment with a portfolio of over \$10

billion, financing commercial ventures in developing countries.

There is China's Forum for China-Africa Corporation (FOCAC) that provides \$60 billion for industrial investment in Africa. Ethiopia got some billions of dollars to open a mega shoe factory for exports into the US market through AGOA facility. There is the Malawi Cotton Company, of course, but we need huge cotton farms also and make clothes and other apparel products here at a textile industrial park that export hugely to the US market.

The World Bank also offers a huge window, the International Finance Corporation (IFC), which specifically works with the private sector in developing countries, financing commercial ventures.

All that the country lacks are bankable investment plans in these potential

areas to unlock financing from these financing opportunities. Malawi Mangos got financing from the IFC, the JCM Salima solar power plant was financed by the Investment Fund for Developing Countries (IFDC) of Denmark.

These foreign investors use financing opportunities available for Malawi to do their investments here. The country needs more locally generated investment ideas to access such financing to open up huge farms and factories.

If public and private sector resources in foreign and local currencies were saved for export oriented production in the quick result sector of agriculture, the economy could be brought to stability in no time and then inclusive and sustainable growth and resilience could be achieved. Otherwise, the road towards achieving medium and long term development goals seems inaccessible.

FEMALE BANKERS TALK LEADERSHIP

BY PAUL KAMANGA

Each year, female bankers meet to discuss their role in the banking spectrum and contribution towards national economic development.

Under the tutelage of the Bankers Association of Malawi (BAM), this year's two-day Bankers Women's Conference was held under the theme 'Women for Transformational Leadership.'

Reserve Bank of Malawi Director of Corporate Affairs Mercy Kumbatira graced the opening occasion for the indaba.

She challenged the female bankers to be in the fore in inspiring peers in contributing towards personal development and national economic growth.

In her keynote address, Kumbatira urged participants to focus on self-development and growth in

ensuring that they remain effective in inspiring others while contributing to the national economic development.

She called on women in the banking and other sectors to take a leading role in addressing challenges fellow women are facing in all spheres in an attempt to create an even society where economic space will not be claimed based on gender and other forms of prejudices.

"We must acknowledge that there are some teething problems that need to be addressed. These problems are the ones that hinder our progress.

"When we address them, we shall then easily say our fight for success and prosperity is almost near," Kumbatira said.

In an interview on the sidelines, BAM Executive Director Lyness Nkungula said strides were being made in ensuring equal participation

and space between men and women in the banking sector.

She also challenged women not to undermine themselves or each other if the equality mark is to be attained.

"We now have more women at leadership and managerial levels, even supervisory level. Women are equally strong and confident; able to do anything but they just need some level of encouragement. We are all leaders in our own right," Nkungula said.

The conference, fourth of its kind, was set as an opportunity for women to learn from leaders in diverse fields, participate in important discussions, share personal stories, ask meaningful questions, and network with a dynamic community of individuals who want to ignite and inspire the leader inside.

How to cash out on an ATM using Cardless Withdrawal Token.

- STEP 1** Select Cardless Withdrawal
- STEP 2** Enter 6 Digit Token
- STEP 3** Enter phone number starting with 265
- STEP 4** Select Proceed
- STEP 5** Enter Amount
- STEP 6** Select Proceed to confirm
- STEP 7** Receive transaction notification through SMS



Cardless Withdrawal Token can only be redeemed once and is only valid for 48 hours.

THE WINDING ROAD TO INDUSTRIALISATION

BY STAFF WRITER



WAY TO GO—Industrialisation



Once upon a time, Malawi used to be a relatively stronger industrial hub.

In those days, the Makata and Chirimba industrial areas in Malawi's commercial capital, Blantyre, were very busy and noisy as machines grinded raw materials into high value finished products.

The same was the case with the Kanengo Industrial Area in Lilongwe where piles of smoke could be seen from a distance as men and women alike, laboured in industries that strengthen the economy.

Remember the likes of Pew Engineering Limited which was making

trailers and bus bodies right there in Makata, Blantyre just next to the then Carlsberg Breweries? What about Lever Brothers in Limbe? Remember Covo, Kazinga, Maluwa Soap, Geisha and Stork Margarine?

Ginnery Corner had BAT, B&C, Nzeru Radio, Sun Batteries Press Bakery and Body by Mandala (Mandala Motors). What about the famous Universal Industries and Tambala Food Products? Let me not forget Malawi Dairy Industries.

One cannot even afford to forget Crown Fashions, famous for Crown trousers and Robin Bridge shirts. And then there was David Whitehead and Sons, a giant of a company.

Even Mulanje had the Mulanje Canning Factory making some juices and jam.

Those were the good old days when industry used to tick. These were giants which used to create jobs for tens of thousands of Malawians.

Over the years, Malawi has seen many of these manufacturing giants closing shop or downsizing.

Such downsizing and closures have resulted in many job losses.

And today, Malawi, which used to manufacture its own goods has become a showroom of the world, importing almost everything and in the process exporting jobs.



ADVOCATING INDUSTRIALISATION AGENDA—Chakwera

Credit: ©Bloomberg

→

Even President Lazarus Chakwera agreed in his address at the opening of the 5th SADC Industrialisation Week that since the dawn of multiparty democracy in 1994, not only has industrialisation been neglected, but the country has witnessed a high degree of de-industrialisation through the closure of many factories.

“These were once leading our economies march towards value addition and production. But over time, they took their operations elsewhere because we allowed ourselves to be governed by administrations with no industrialisation agenda,” Chakwera said.

The Malawi Government in its 2014 National Industrial Policy identified key issues limiting Malawi’s industrialisation.

According to the policy, the issues included the high cost of doing business, inadequate infrastructure, limited access to export markets, low participation of SMEs, and low incentives for private sector investments.

A Cost-Benefit Analysis of Industrialisation and Youth Employment in Malawi by the National Planning

Commission showed that since then, Malawi has attempted to overcome these challenges through improved policies including the National Export Strategy and National Trade Policy.

The policies aim to enhance integration into regional and global markets, increase value addition to primary products, and increase exports. In the agricultural sector, issues identified included dependence on rain-fed agriculture, soil erosion, inadequate infrastructure, and an un conducive policy environment.

In its 2021 policy brief titled *Manufacturing and Industrialisation in Malawi: Trends, Opportunities, and Strategies*, Mwapata Institute notes that despite many policy interventions and strategies, the performance of the manufacturing/industry sector in the country has continued to disappoint.

According to Mwapata, the industrial sector’s contribution to the total Gross Domestic Product has stagnated at 15 percent.

“The dismal performance of the industry sector is also mirrored in the sector’s share in the total employment in the country. The share of the

industrial sector’s employment has stagnated at about eight percent.

“Malawi ranks low in terms of industrial sector and general economic competitiveness compared to other countries in sub-Saharan Africa. The country ranks 134 in terms of the industrial sector competitiveness out of 150 industrialized economies. Zambia and Tanzania rank 119 and 127, respectively,” reads the policy brief.

The Malawi Implementation Plan (MIP-1) has identified industrialisation as one of the pillars to drive Malawi’s transition from a Least Developed Country to a lower middle income economy by 2030.

The Industrialisation Pillar seeks to have a vibrant knowledge-based economy with a strong manufacturing industry driven by productive and commercially vibrant agriculture and mining sectors.

The MIP-1 says industrialisation is central to Malawi’s transformation agenda of inclusive wealth creation and self-reliance.

It says industrialisation will transform the economy from being predominantly consuming and importing to predominantly producing and exporting.

“To pursue industrialisation, manufacturing must have strong backward and forward linkages with the agriculture, mining and services sectors. This is needed to raise per capita income, create decent and sufficient rural and urban jobs as well as viable entrepreneurship opportunities for both men and women.

“An integrated industry will also widen the tax base to finance Malawi’s welfare requirements and address unsustainable trade deficits. Other strategic sectors, like mining, have tremendous potential to support industrialisation,” reads part of the MIP-1 review.

In a desperate attempt to propel industrialisation, the Malawi Government, through the Ministry of Trade is now touting industrial parks as a game changer.

Simply put, an industrial park is a tract of land developed and subdivided into plots according to a comprehensive



MAKING A DIFFERENCE—Manufacturing

plan with the provision of roads, transportation and public utilities, sometimes also with common facilities, for use by a group of manufacturers.

The government of Malawi is currently developing industrial parks at Chigumula and Matindi in Blantyre, Magwero in Lilongwe and Dunduzu in Mzuzu to drive industrialisation and stimulate economic growth in the country.

According to former Minister of Industry and Trade Mark Katsonga Phiri, industrial parks are an ideal catalyst for industrialisation and economic development since they help put into place an infrastructure that fosters and attracts investors.

Speaking recently when he toured progress at Chigumula industrial park, Katsonga Phiri said industrial parks will not only help Malawi enhance the industrial base, but would also make it easier for authorities to find land for investment.

“You know at the moment there are

some challenges in identifying land for investment for both local and foreign investors. But the coming in of these industrial parks like the one here in Chigumula will make it easier for us in facilitating land to potential investors.

“The good thing is, this land will be serviced with utilities like water, power and roads and this makes it even more attractive to potential investors. Apart from facilitating land for investment, industrial parks also promote economic activity in adjacent neighbourhood areas by offering better employment opportunities,” Katsonga Phiri said.

Malawi Investment and Trade Centre Chief Executive Officer, Paul Kwengwere, said the vision is to have a manufacturing hub for textiles, chemicals, electronics, leather, and also an agro-processing hub for food and beverages within the Chigumula Park.

In his submission before the Budget and Finance Committee of Parliament, Malawi Confederation of Chambers of

Commerce and Industry Chief Executive Officer Chancellor Kaferapanjira emphasized the need for Malawi to focus on manufacturing, saying prices of manufactured goods are more stable and that manufacturing helps in the job creation agenda.

Kaferapanjira added that manufacturing could also help unlock forex generation through exporting high value manufactured goods.

Among others, Kaferapanjira pleaded for incentives for the manufacturing sector, including the scrapping of the maximum demand tariff on electricity which he argued balloons the cost of production as the firms are still required to pay the tariff even when the power is not available.

As the country moves on its journey to 2063, one thing it cannot afford to waste is time.

Time is not on the side of Malawi. The sooner it takes serious steps towards industrialisation, the better.



BusinessNET

Experience **Lightning-fast Internet** for your Business

with MTL's **BusinessNET**



Get **unlimited speeds** and
symmetrical bandwidth
with **no volume caps.**

Help Line : 191  



Voice



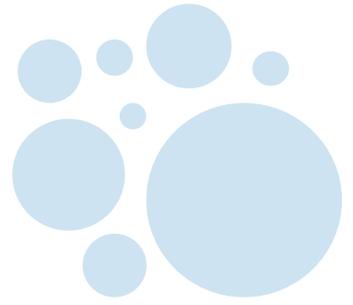
Broadband

For more details contact our Customer Care on customer.relations@mtl.mw or WhatsApp on 01 686 191



www.mtl.mw

WOMEN IN BANKING



Interview with **Lillian Chapalapata,**

Manager, Branchless Service and Internet Banking at National Bank of Malawi



Firstly, briefly tell us about yourself; who is Lillian Chapalapata?

I was born in the family of Rev Fr Canon Patrick Mapundula (retired) and Mrs. Elizabeth Mapundula. I am first born in a family of four (two girls and two boys).

I am married to McDonald Chapalapata and together, we are blessed with two beautiful children; Macaria, (a girl 10) and Macario, (a boy, 7).

May you share your education, career and professional background?

Throughout my secondary school days, I used to admire ladies in IT [Information Technology], so after finishing my secondary school education, I studied Information Processing at the Polytechnic now MUBAS where I got my advanced diploma in Information Processing under City and Guilds.

In 2012, God blessed me with a job at National Bank of Malawi. When I joined the bank, I met several female managers who I admired, and this gave me the urge to continue with my studies. But now the question was : 'Should I proceed with my IT career or join the money makers club?', I then decided to enroll with the institute of Bankers Malawi where I obtained my certificate and Diploma in Banking. In 2014 I came out as the best female student and graduated with an Advanced Diploma in Banking, specialized in Credit Management through the Institute of Bankers Malawi.

Studying did not end there, I proceeded with my career and in 2018 I obtained a Degree in Business Administration with distinction from Exploits University.

If you ask me if I am satisfied with what I have acquired as far as education is concerned, my answer is a big 'No!', The sky is the limit so I am still studying.

As Manager for Branchless Services and Internet Banking at National Bank of Malawi, what does your job entail?

I manage and oversee the branchless service and internet banking department within the Digital Financial Services arm of NBM and I can break down the services in the department into internet banking, agent banking, electronic funds transfers and cardless services. I make sure that customers are aware of these offerings and are enjoying the experience.

What has taken you to rise to your current position from your point of entry in the banking system?

I would answer this in three words; hard work, dedication



FAMILY TIME—Chapalapata and her family

and commitment, of course with help from God.

Since I joined the bank, every department I have worked in, I would give it my all and I am pretty sure this has paid off.

What is your philosophy as far as career development and advancement is concerned?

For me, career development and career advancement are different with the former looking at a big picture view of someone's career goals and the latter focusing on short term steps or goals.

In order to achieve both, one needs to aim for continuous growth and development by excelling in the current role and preparing for new experiences ahead. Continuous growth can only be achieved by continuous learning which builds up enough knowledge that enables one to advance in life.

What would you rate as the driving force behind your rising in the ranks and files at NBM?

I am committed to my work and this has been my medicine throughout the years with NBM. Commitment is a powerful tool as far as success is concerned; It

provides purpose and a pledge to uphold.

What are your aspirations going forward?

Holding my current position in the bank does not make me stop dreaming. One day I want to become the CEO of National Bank of Malawi, and this can only be achieved if I put in more effort in developing myself. So, learning does not and will not stop.

One day I want to sit back and look at myself and be proud that I have achieved everything I needed in life.

What is your impression of women's involvement in decision-making and key positions in the banking sector?

Involving women in decision making and key positions in the banking sector is a thing I have always advocated. Gone are the days when higher positions were held and believed to have been reserved for men. Women too produce incredible results, so giving these crucial positions to women in organizations including the banking sector should always be encouraged.

What could be your advice to up and coming female bankers?

Aim Big by starting small. Starting small could be that decision to study banking, now take action and act quickly by starting school, work hard with the assurance that the hard work will yield results. Do not just dream of becoming a banker but act and quick action is the key to your becoming a successful female banker.

Banking is not for men, us women have all what it takes to become bankers and hold crucial positions. If you doubted, now is the time to make that decision.

Any last words?

Firstly, let me take an opportunity to thank the Institute of Bankers [Malawi] for giving me the chance to feature in the Magazine. I hope someone out there who is inspired to become a banker will be encouraged and motivated and will make that very important decision to study.

Let me finish with this quote "Opportunities don't happen you create them"—Chris Grosser.

Your career should be defined by successes, failures and your perseverance to succeed.

THE JOURNEY

TOWARDS AN INCLUSIVE WEALTHY NATION

BY STAFF WRITER



FOCAL POINT—The youth

F For a long time, Malawi has carried the tag of being one of the poorest countries in the world.

In fact the Human Development Index ranks Malawi in position 174 out of 189 countries in the world, with over half of the 18.5 million citizens languishing in poverty. About one-fifth of the population is in dire straits with chronic and extreme poverty, an ever-present scourge.

The gap between the rich and the poor in Malawi has been on a worsening trajectory with the richest ten percent of the population spending thirty-five times more than the poor.

There are several schools of thought on the causal factors of the deepening

poverty, but high population growth, huge trade deficit, low levels of per capita GDP [gross domestic product] growth of 1.5 percent and low productivity of the agricultural sector dominated by subsistence smallholder farmers. Although agriculture accounts for 22.8 percent of the GDP and employs 64 percent of the labour force, 80 percent of farmers rely on rain-fed smallholder farming for food.

Several poverty alleviation strategies have failed to economically-empower the poor and this compelled the government to unveil Malawi 2063 in 2020 with the aim of creating an inclusively wealthy and self-reliant nation by 2063, when the country clocks 100 years of independence.

The Malawi 2063 centres around three pillars of agricultural productivity and commercialisation, industrialisation and urbanisation. It borders on Malawians' aspirations to achieve inclusive wealth creation and self-reliance for economic independence.

Following the botched Vision 2020, Malawi 2063 has been segmented into four ten-year implementation plans to fully monitor and evaluate progress.

The first plan expires in 2030. The pertinent question is: "how is the country fairing in terms of creating wealth for all?"

Economic growth is pivotal for wealth creation. There have been some positive strides as the GDP growth rate increased from 0.9 percent in 2020 to



MUNTHALI—Stakeholders need to work together

3.8 percent in 2021. Progress has, however, been hampered by external factors including the effects of the Covid-19 pandemic and natural disasters induced by the effects of climate change.

Key sectors of manufacturing, construction, wholesale and retail trade and transportation have grown at a snail's pace.

The government estimated that the economy would grow by 4.1 percent in 2022 but projection was later revised down to 2.8 percent due to climate change risks and macroeconomic instability.

Apart from the Covid-19 pandemic, the Russia-Ukraine conflict further suffocated the economy by disrupting global supply chains of essential commodities such as oil, fertiliser and agricultural products. This eventually led to a rise in the prices of commodities. The kwacha was also devalued in the middle of all these events and the poor suffered the most.

The National Planning Commission (NPC) therefore notes that concerted efforts are crucial to improving economic growth to achieve the targeted rate of 6 percent.

"Stakeholders need to work together and focus on productive investments with multiple ripple effects to other sectors. Investment in large-scale mining, mega farming and tourism should

be prioritised along with the creation of an enabling environment that includes investment in energy, ICT, strategic transport networks, macroeconomic stability and good governance," says NPC Director General Thomas Munthali.

Munthali added that inclusive wealth creation was incorporated in the 2022-2023 National Budget allocations.

He said the budget was coded to Pillar and Enabler programmes. NPC, however, has admitted that time limitations led to the exclusion of some focus areas and interventions.

About 13 percent of budget resources were allocated towards wealth creation and self-reliance.

About 5.6 percent of the budget (K115 billion) was allocated to eight agri-business programmes, K34 billion to industrialisation and K36 billion to job creation.

Focus is on inclusivity which aims at reducing inequalities among marginalised groups such as children, the youth, women, the elderly and persons with disabilities to participate in and benefit from implementation of development programmes.

In the 2022-2023 national budget, the Treasury allocated about 30 percent to programmes that enhance the inclusivity and empowerment of vulnerable groups.

For instance, K225 billion

(representing 11 percent of the budget) was allocated to support programmes for the youth while K216 billion (10.6 percent of the budget) was allocated to pro-poor interventions.

The Disability Rights Fund was also allocated K100 million (less than one percent of the budget) so that people with disabilities should be financially-included. However, the Federation of Disability Organizations in Malawi (FED-OMA) lamented that this funding is not enough to make a substantial impact.

The country is also implementing programmes such as the Affordable Inputs Programme, Social Protection Programme and National Economic Empowerment Fund (NEEF) to ensure that no one is left behind as the country progresses. However, the interventions have not brought the desired changes.

One of the country's economists Wisdom Mgomozulu observes that positive strides have been made as the government has lobbied for resources to finance key projects aimed at creating inclusive wealth.

"Projects like NEEF have been able to provide financial support through loans to different categories of people including employer supported loans; civil servants loans; youth enterprise loans and agribusiness loans among others," he said.

He added that the Agricultural Commercialization Project (AGCOM) project has focused on the backbone of the economy.

"Women, youth and men have benefited a lot from the AGCOM matching grants by venturing into value addition and commercialization of their agricultural products. COMSIP groups have been established such that most rural households have been able to acquire financial knowledge and later form loan and savings groups that aid in the establishment of sustainable businesses," he said.

However, Mgomozulu spelt the need for perfecting the design, implementation, monitoring and evaluation of such initiatives because most people do not have access to them, hence defeating the purpose of inclusive wealth creation.



MONEY MATTERS; SAVING, INVESTMENT IN MALAWI

BY STAFF WRITER

The Cambridge Dictionary defines savings as the money that one keeps in an account in a bank or similar financial organisation. The Britannica Encyclopedia goes a step further to describe saving as a process of setting aside a portion of current income for future use, or the flow of resources accumulated in this way over a given period of time.

The basic idea one gets on saving is that it is simply an effort to deliberately put aside a portion of one's income or money for future use.

On the other hand, investments are assets bought at present with the expectation of higher returns in the future, according to wallstreetmojo.com.

Low levels of financial literacy and the significantly low number of adults owning a bank account have weighed down on Malawians' ability to either save or invest.

A 2019 study by Shilpa Aggarwal,

Valentina Brailovskaya and Jonathan Robinson, titled; *Saving for Multiple Financial Needs: Evidence from Malawi*, found that entrepreneurs who were given multiple lockboxes saved about 30 percent more than those given only one.

It further observed that entrepreneurs who received savings boxes invested more in farming, increased expenditures, gave out more credit to customers, and transferred more to social contacts.

"These results strongly suggest that a simple policy of providing multiple accounts with labelled goals may cost-effectively increase savings. In addition, we find robust evidence that getting access to savings boxes had strong impacts on downstream outcomes.

"However, we do not find differential impacts of an additional account on downstream outcomes. A possible explanation for this result which is consistent with recent literature is that

small businesses might be operated in part to generate income for subsistence consumption, but on the margin, farming is more profitable," the study reads.

However, saving and investment notions are gradually being embraced among Malawians.

The Reserve Bank of Malawi's Financial and Economic Review for the last quarter of 2022 indicates that broad money grew on an annual basis by 38.9 percent to K2.8 trillion in the quarter alone.

This is higher compared to an annual growth rate of 36.3 percent in the preceding quarter and 30 percent in the corresponding quarter of 2021, respectively.

"This outturn was mainly on account of demand deposits, term (time and savings) deposits and currency outside banks which recorded higher year-on-year increases of K427.7 billion, K225.6 billion and K97.9 billion in →



TCHERENI—Savings is supposed to be a culture



PATHERA—Saving and investments have been hampered by the economic downturn



KAMANGA—Savings and investment can be enhanced

the quarter compared to K282.6 billion, K192.7 billion and K86.6 billion in the preceding quarter, respectively.

“In contrast, foreign currency denominated deposits registered a lower annual growth of K29.0 billion in the review quarter compared to an increase of K98.3 billion in the preceding quarter,” the review reads.

On the investment front, the review notes that lending to government and statutory bodies increased by K130.9 billion and K3.1 million respectively.

Further, the RBM increased its investment in miscellaneous asset items by K232.3 billion in the quarter. In contrast, lending to commercial banks and claims on foreign sectors decreased by K29.9 billion and K18.1 billion, respectively.

Malawi Stock Exchange Chief Executive Officer John Kamanga says the country’s savings rate has been very marginal, at less than the required six percent for a long.

He says the underlying reason is the unfavourable macroeconomic environment where inflation is relatively higher, giving no room for disposable income to be apportioned to savings.

“For example, currently at an average inflation rate of 26 percent, it is very difficult to spare some of one’s disposable income to savings. The other attributable factor is limited knowledge on personal finance management that

would equip one into the knowledge, skill, attitude and behaviour that would enable one to have the savings ability.

“Savings and investment can be enhanced if there is deliberate initiative on financial literacy that would aim at raising awareness on the importance of savings and investment,” Kamanga said.

Malawi University of Business and Applied Sciences-based economist Betchani Tchereni holds that the Malawi situation is pathetic.

“Savings is supposed to be a culture. In general, Malawians are not a saving people. Most employees save through their pension contributions and not the normal banking way. There cannot be investments if there are no significant savings.

“It is through savings that people borrow for investment. Over the past years, Malawians have not been saving really. One reason is that the earning

power is too small,” Tchereni said.

Another economist, Don Pathera, says both savings and investment play an important role in determining a country’s growth.

“Malawi’s gross savings rate, on average, is at 11 percent, which is very low and there are high chances that the rate will go down due to pending hunger.

“Unfortunately, savings and investments have been hampered by the economic downturn resulting in an increase in poverty,” Pathera said.

The new World Bank Poverty Assessment Report finds that just over half the Malawian population is poor, almost no different from a decade ago

One can only hope that the country focuses on building a strong foundation for saving and investment through adequate financial education while the authorities work on economic parameters to support the course.

→ *“Savings is supposed to be a culture. In general, Malawians are not a saving people. Most employees save through their pension contributions and not the normal banking way. There cannot be investments if there are no significant savings”*

WEALTH CREATION HINGES ON **POLITICAL WILL**



LILONGWE—The administrative capital. Photo Credit: ©Wikipedia

They do not say the buck stops at politicians for nothing. In a setup like ours in Malawi, where the three branches of the government are vibrant, politicians drive national policy from two angles, namely the Legislature and the Executive.

It can even be said that, to a lesser extent, they have an influence on operations of the remaining branch of the government, namely the Judiciary.

The President, needless to say, is a politician who is elected by the majority of voters in Malawi. Once elected, the individual becomes the Head of State and Government. The term government

encompasses the Executive, Legislature and Judiciary.

The Constitution of the Republic of Malawi gives the President powers to appoint a Chief Justice, just that the President is not the only one involved as the Judicial Service Commission gives the President several names to choose the Chief Justice from.

It is the President, a politician, who, in consultation with Cabinet members, decides which sectors to prioritise in executing development plans.

It must be borne in mind that Parliament is made up of politicians, be it independent or political party-affiliated legislators.

These legislators advance the goals of the political parties or constituents and are unlikely to support initiatives they regard as less beneficial to them.

The President has an overbearing presence in Parliament, too. He extends his presence from the Executive to the Judiciary through the presence of lawmakers.

That aside, the President, in consultation with the Speaker, decides on when Parliament can meet, especially in cases of sessions, also known as years of



The misunderstanding threatened to thwart national development goals, which shows that politics has a bearing on wealth creation.

parliament.

And the President can prologue Parliament, too.

This happened when opposition politicians were giving former president, the late Bingu wa Mutharika, a tough time in Parliament, declaring that they would not pass the national budget if the issue of crossing the floor did not feature first.

The background to this is that Malawi had Section 65 in its Constitution, a provision which discouraged lawmakers who were voted on the ticket of one party from joining another political party represented in Parliament.

Apparently, Bingu had dumped the United Democratic Front, which ushered him in power, on February 5, 2005, turning a party that, just 24 hours before was the governing one, into an opposition one without the casting of votes.

A number of legislators followed him, a development which riled leaders of the dumped party and their partners, hence calls to prioritise Section 65 debate over the passing of the national budget. The misunderstanding threatened to thwart national development goals, which shows that politics has a bearing on wealth creation.

Either way, politicians play a key role in the creation of wealth.

A good example of how political will can influence wealth creation entails implementation of Vision 2020. Launched with pomp in the early 1990s, the development blueprint is regarded as a flop by many stakeholders.

The reason is simple. When the national development blueprint scattered development projects all over the country, regardless of region or which political party citizens belonged to, the ruling elite seemed uninterested in

implementing development projects in areas regarded as the powerhouses of opposition political parties.

Feeling short-changed, opposition politicians resorted to frustrating development projects conceptualised by the governing party.

In the end, development projects did not trickle down, wealth was not equally distributed and Malawi has remained in a state of flux, economic development-wise.

Fortunately, the establishment of the National Planning Commission may put an end to this since it is an independent body that will not put political interests before national ones.

That way, wealth is likely to be created across the country.

In conclusion, when it comes to wealth creation in a country, politicians hold sway whatever way one looks at it.

BREAKING

FINANCIAL INCLUSION BARRIERS

The banking industry has become more competitive in the country, but players have taken a unified and intensified approach on the national financial inclusion agenda. In their own right, individual banks have intensified efforts to reach out to as many customers as possible, to woo them into the financial services spectrum. Digital banking has become a norm, but the conventional system of brick and mortar remains relevant too. In this interview, *THE MALAWI BANKER MAGAZINE* engages First Capital Bank (FCB) Chief Executive Officer **Spyridon Georgopoulos** on the bank's footing and growth prospects, among other things.

First and foremost, how would you rate or describe First Capital Bank's (FCB) positioning on the landscape?

FCB was established in 1995, and the culture at the time was more corporate banking. However, the bank has made strides in the financial inclusion space. In 2023 the drive for financial inclusion is both in marketing, as well as in the product portfolio. We are intensifying our activity to become more relevant and ensure we are serving all Malawians.

How is the bank contributing to the financial services spectrum, private sector growth or businesses development, and the national economy at large?

FCB has been a significant contributor to both SMEs and large corporations since its establishment in 1995. This has always been at the core of our strategy and focus and we continue to grow this franchise in the marketplace because we believe that SMEs are the backbone of the economy and the more they are banked the better for the economy.

We are also more involved or becoming more involved in the governmental or non-governmental institutional space. We support the development of infrastructure in Malawi, and we will participate fully in ensuring that infrastructure that benefits Malawians at large is delivered.

What makes FCB a unique bank?

FCB is a Malawian bank and a bank for all Malawians. That is quite important for us. It is also quite a 'young' bank, having been established in 1995. We are the only Malawian bank that is well established within the region with a footprint in five other countries in Africa, namely Zambia, Zimbabwe, Botswana, and Mozambique as well as a strong technology and operations base in Mauritius.

So, we are a Malawian bank that has been able to grow beyond the borders of Malawi. That is what makes us unique. This has given us the opportunity to export Malawian talent to our banks in other countries and at the same time to bring talent from other countries into Malawi, especially indigenous Africans

who are participating in the region. Lately, the bank has been advancing a digital banking campaign dubbed 'Think First Capital Bank.' Would you share its synopsis; what is the initiative all about? We recognise that digital banking will increasingly play a significant role in people's lives not only in banking but many other aspects. This may be in the way that they interact with government departments, or in the way that they bank, or in the way that their children are educated. We believe that digital banking is the best route into achieving financial inclusion. As such, the products we will launch in 2023 will enhance the way in which people interact with the bank digitally. However, we [also] recognise the need that human interaction is important (our good customer service or high touch service), and we believe that our branch network will continue to be at the core of what FCB does. This applies to every customer that walks into any of our branches and agencies who are handled with respect, dignity, and offered good service. And with plans of enhancing our physical footprint across Malawi, we will create



Spyridon Georgopoulos

Chief Executive Officer, First Capital Bank (FCB)

an environment that improves the way we engage with customers.

Where do you intend to take the bank to, say in the next five years?

First Capital Bank believes that a strong banking sector is critical in the success of the country; therefore, we want to see all banks being successful in Malawi. We also believe that healthy competition leads to increased growth and profitability for all the banks. At First Capital Bank, we intend to remain and grow as a significant contributor to the banking sector, the economy, and the country for the wellbeing of all Malawians. We will be a bank for all Malawians.

How is FCB contributing towards the national financial inclusion agenda?

The bank is involved both directly and indirectly in several environmental, social and corporate social responsibility initiatives that improve the lives of Malawians and contribute to the success of the economy as a whole. Digitally, our products are designed to enhance financial inclusion and we intend to launch several new initiatives in 2023 and into 2024 that will enhance our presence in rural areas and reach out to people



At First Capital Bank, we intend to remain and grow as a significant contributor to the banking sector, the economy, and the country for the wellbeing of all Malawians. We will be a bank for all Malawians.

who may not have easy access to financial services, in a more meaningful way.

From the bank's perspective, what are the prospects of bringing almost everyone into the financial services spectrum in line with the national aspiration of 'creating wealth for all'?

We believe in corporate social responsibility to reach out to the underprivileged. We would like to create an environment where people can help themselves or indeed, uplift their lives. We are very focused on investing in and supporting small business owners; especially women and those in the agricultural sector, hence our partnerships with the European Investment Bank and USAID. Through the EIB, we have been able, and continue to offer funding and technical expertise to women in agriculture.

There have been concerns over

low access to capital due to what other sections of the society call 'prohibitive conditions. Do you share the assertion?

Capital is an expensive commodity. People who invest in any organisation including banks are looking for a return on their capital. Notwithstanding, it is possible to deploy capital in effective ways that does reach as many people as possible in the economy. For example, having formal financial inclusion programmes with the right partners in place allows us to deploy capital more effectively, at lower risk and therefore at cheaper prices than would normally be the case. FCB is constantly working with its partners in Malawi as well as internationally to access and deploy capital more efficiently to more sectors of the economy, especially small to medium enterprises.

Interest rates remain very high in the country, compared to regional peers. How is this affecting the banking industry, cost of borrowing as well as access to capital?

Globally, interest rates are at the highest level as they have ever been in probably more than a generation. So, this is not unique to Malawi. There are several external global factors that are out of our control and affecting Malawi. We are still feeling the impact of Covid-19, amidst the Russia-Ukrainian war. The increased tension between the US and China, mainly on the economic front and other such factors also affect small countries like ours. Inflation has had an

Think First Capital Bank.



For digital
banking solutions.



First Mobile - Dial *1111#



First App - Download



First Internet - Internet Banking



impact on the country and especially on the man or woman on the street especially if we look at necessities like food and transportation. I do not see a situation in the short term where interest rates are going to come down to previous levels. This is the challenge that we, in the banking industry, must get our minds around in terms of how we ensure that small businesses and the consumers at large are able to survive in this high interest rate environment. Other factors include environmental changes, climate change that has devastating consequences in regions like Sub Saharan Africa unless it is properly addressed. We are already seeing the effects of climate change here in Sub Saharan Africa such as water shortages and adverse weather conditions.

The economy remains volatile now, with key indicators seen in red including rising inflation, albeit easing slightly in the past two months, and elevated cost of living, as well as high interest rate regime and forex scarcity. What impact would the situation have on your business?

The banking industry has a duty to the country beyond just making returns. As such, First Capital Bank and all the other banks have been working hard to ensure stability, affordability, and accessibility to capital and to forex in the country. However, this is a difficult journey and as we all know, the scarcity of forex has led to a challenging situation for the banks that are highly regulated and must operate within a very narrow band as prescribed by the Reserve Bank of Malawi. This has led to a significant acceleration of black-market activity, where forex is traded outside of the regulated environment to the detriment of consumers as well as to the instability around imports and exports into the country. Those who are importing essential goods and services such as fuel, pharmaceuticals and fertilizer into the economy are most affected.

Narrowing down to the forex woes, are there any remedies or possible quick fixes?

There are no quick fixes, but there are remedies. The first of these is that at a political level the need to clarify both

the fiscal and monetary policies of the country is critical. To open the door to the inflow of forex both from formal entities such as the International Monetary Fund (IMF) as well as from private investors will have a high level of confidence in investing in Malawi. Another remedy is for the Reserve Bank to bring a level of controlled liberalisation over the black market to allow the banks to compete more effectively in attracting and deploying foreign currency to their customer bases and formal channels. That then makes it easier for forex to flow into the banks and to be used in a legitimate way to serve customers.

What does the future hold?

I am very optimistic about Malawi, but it will need courage and fortitude both from the government and the private sector to do the right things. Clarity on policies, a fight against corruption, and an environment that is attractive to foreign investors encouraging the growth of sectors beyond agriculture; and ensuring the independence of key bodies like the Judiciary and the Reserve Bank.



Standard Bank turns 54!

Dear esteemed customers,

Today, 11th April 2023 we celebrate our **54th Anniversary**. This is a celebration of the existence, impact, and contribution that we have made to Malawi and its people.

The genesis of our history is one worth sharing and celebrating. Previously known as Commercial Bank of Malawi Limited (CBM), the Bank was incorporated in 1969 and the doors of our first branch opened on 11th April 1970 in Limbe. In 2001, Standard Bank, through its subsidiary Stanbic Africa Holdings, acquired a majority stake (60 percent) in CBM. The acquisition led to name changes from Stanbic Bank Limited to Standard Bank Limited on 1st June 2007 and subsequently Standard Bank Plc, further aligning the institution's brand positioning to its holding firm, the Standard Bank Group.

As we are commemorating the 54th anniversary of our founding, we reflect on our role in partnering for Malawi's growth and prosperity. Over the years, Standard Bank has remained your trusted partner in providing relevant solutions that provide sustainable livelihoods, catalyze development, and drives socio-economic growth.

The Bank has been synonymous with making various contributions aimed at uplifting the quality of life for people and communities in Malawi. In line with our brand purpose, **"Malawi is Our Home, we Drive Her Growth,"** whilst driving our corporate and social initiatives through our Social Economic Environmental (SEE) framework. Standard Bank is continually responding to the needs of society in critical sectors such as Health, Education, Financial inclusion, Youth, and Sustainable Development. Our 54 years of operations speak volumes about the commitment we have to continue evolving and responding to the dynamic needs of our clients, community and paying attention to the market environment.

We owe our existence to you our customers and the community because you are the reason we exist. Please be assured of our commitment to provide excellent services and bespoke products that meet your needs and support your dreams.

As we celebrate 54 years of our existence today, we look forward to many more years of creating inspiring stories and changing people's lives. We look forward to a future with more possibilities.

To 54 Years of Driving Malawi's Growth!

Regards,

Phillip Madinga

Chief Executive, Standard Bank Plc

#ItCanBe



Standard Bank **IT CAN BE™**

FINANCING VIABLE BUSINESSES FOR FOREX GENERATION

BY STAFF WRITER



PILLING PRESSURE—Elevated level of imports

That the domestic economy faces extreme pressure owing to the scarcity of foreign exchange is a common sentiment shared by authorities, local market watchers and development partners. In fact, the Reserve Bank of Malawi (RBM) Governor Wilson Banda has admitted that the central bank is facing pressure to manage foreign exchange as supply and demand imbalances continue to escalate.

“The increase in demand for foreign exchange has continued to surpass the supply required to finance it hence, the depleting reserves and depreciating kwacha,” said Banda.

True to Banda’s sentiments, Malawi’s gross official reserves are presently under pressure due to the country’s rising demand for imports.

The official forex reserves for February stood at \$280.66 million or 1.12 months of import cover from \$385.40 million, an equivalent of 1.54 months of import cover during the same period last year.

The situation has in turn continued to strain the exchange rate movement, with the kwacha depreciating against all major currencies.

Due to the scarcity of forex, Malawi’s merchandise trade balance narrowed last year from a deficit of \$2.07 billion (about K2.10 trillion) in 2021 to \$564.41 million (about K574.26 billion) in 2022, due foreign exchange challenges.

The 2023 Annual Economic Report shows that the narrowing trade deficit by 68 percent was due to the foreign exchange crisis in 2022 which impeded the importation of essential commodities.

Meanwhile, a latest World Bank Business Pulse Survey conducted towards the end of 2022 found that two-thirds of the 1 200 small businesses in Malawi reported a decrease in sales compared with one year earlier.

On the other hand, a full 72 percent of businesses indicated that they saw rising input costs and more than three-quarters the unavailability of foreign exchange, as threats to their profitability.

Now with some crops washed away, although the magnitude of the damage is yet to be quantified, the economy finds itself in an awkward position as Malawi may find little to export.



BANDA—The increase in demand for foreign exchange has continued to surpass the supply

There is therefore a huge challenge that the country faces as far as growing Malawi's export base for forex generation this year is concerned. For a country already reeling from a huge trade gap, this is no sweet news at all.

This is why implementing measures that can boost foreign exchange reserves by enhancing investments in productive sectors is paramount to ensure that the economy is put in good shape.

The importance of the financial services sector with their unique role as the kick-starter of growth in any economy in this regard can therefore not be overemphasized.

There is no denying that the significance of financial institutions have magnified in today's economic climate with their capacity to finance business ventures.

Market analyst Emmanuel Chokani underscores the importance of financial services, highlighting that they could play a role in funding the real sector for the generation of forex in the country by designing tailored products and services catering to export oriented sectors.

He believes providing credit facilities to businesses in export oriented sectors thereby enabling them to invest in production, technology and infrastructure to enable them to scale up operations will boost exports and forex in the process.

"Private equity investments made by financial services firms to high growth potential companies in export oriented sectors, funds for expansion and international market penetration should be highly prioritized.

"Financial services sector should also consider scaling up trade finance facilities where possible and help work with the government to promote Malawi as an attractive investment destination thereby encouraging Foreign Direct Investment (FDI) into export oriented sectors," said Chokani.

Export Development Fund (EDF) acting Managing Director Fredrick Chanza, while indicating that financial institutions are very critical players when it comes to resources allocation and funding the real sector, said investment to export oriented sectors has been minimal.

He said: "The disconnect is that risks associated with the real sector and risk management of the financial sector are at loggerheads when it comes to supporting real sector investments that can turn around the nation's external sector.

"We have however seen increasing interest by commercial banks, investors and development finance institutions stepping up the agenda. At EDF for instance, we are doing export credit agency services, introducing products to de-risk the down and upstream export angle."

He said the Fund is also venturing beyond Malawi now through a window called Buyer Credit in which a foreign buyer will be given a guarantee by EDF to be able to buy products from Malawi.

Economic commentators and market watchers are of the view that the country needs to remain aggressive in addressing and fixing forex woes.

Malawi University of Business and Applied Sciences associate professor of economics Betchani Tchereni fears depletion of the forex reserves if left unchecked could threaten the health of the economy.

"Such a situation continues to affect production. We are a predominantly importing country which cannot afford to have a depreciating local currency because people will have their welfare eroded.

"We, therefore, encourage investment in productive sectors such as the mega farms, cannabis production and mining as these will bring in the necessary forex in the country," said Tchereni.

Financial Market Dealers Association of Malawi (Fimda) president Leslie Fatch also underscored the need to devise ways for sustainable trade balance improvement where focus should be on import substitution, managing consumer appetite for imports, industrialisation and promotion of exports.

He said: "The solutions we are seeking should not be short-term, but medium to long-term as the underlying problems in our economy are structural.

"Much as we want quick wins, we have to understand that the solutions will not have an immediate impact and we have to manage our expectations on the same."

BANKS SUPPORT CYCLONE FREDDY SURVIVORS



L-R; Continental Asset Management CEO Gillian Kachikondo, CDHIB CEO Kwame Ahadzi, Continental Holdings Limited Group Financial Controller Kingsley Zulu hand over a dummy cheque to Red Cross Society Secretary General McBain Kanongodza



NBM plc CEO Macfussy Kawawa (left) presents a dummy cheque to Malawi Red Cross Society Secretary General McBain Kanongodza.



NBS Bank Zomba Service Centre team visited various camps



Ecobank staff donate items to one of the survivors



L-R; Centenary Bank Blantyre Branch Manager Kamuzu Nyangulu & Head of Retail & SME Banking Mayamiko Kalizang'oma hand over a dummy cheque to AOGM Head of Department Lui Gadama, Dr Gent & Dr Mvula



First Capital Bank staff senior management visited Cyclone Freddy survivors at one of the camps in Blantyre



SOCIO-ECONOMIC IMPACT 2022

At Standard Bank we believe that Malawi is our home and we drive her growth. We play an active role in our communities by championing and supporting impactful projects that touch lives and improve societies.

Here are some of the key highlights from our areas of focus:

HEALTH

MK20m

For food and non-food stuff for Flood Victims in partnership with CARE Malawi

MK8m

Donation for procurement of medical equipment for Maternity ward at Dowa District Hospital in partnership with Nation Publications Ltd

MK5m

Donation towards cleft lip and palette surgeries to Operation Smile Malawi

MK1.2m

Donation for blankets and toys to Likuni Mission Hospital



EDUCATION

MK53.4m

Donation to DAPP Mikolongwe Vocational ICT equipment and tuition

MK30.1m

Towards tuition and entitlements for 64 Secondary School students through Merit Scholarship in partnership with Press Trust

MK20m

Donation for Malawi University of Science and Technology student tuition fund

MK7.4m

Donation for teaching and learning materials for Chigoneka and Chimutu CDSS from Be More Race 2022

MK3.5m

Donation of teaching and learning materials to Maula Prison Reformatory school

Mentorship

100 girls hosted in commemoration of International Day of the Girl Child 2022 Mentorship Session at Standard Bank HQ



Youth, Women & Sustainable Development

MK40m

To support grassroots football league in partnership with Football Association of Malawi

68 SMEs

Graduated from award winning Standard Bank Phuka Incubation Programme

20,000 Seedlings

20,000 Tree Seedlings donated to Ntcheu and Dedza

BANKERS

WOMEN'S CONFERENCE 2023





09



10



11



12



13



14

1. Participants pose for a group photo
2. Team NBS Bank
3. Delegates have a light moment with one of the Speakers Mrs Towera Jalakasi
4. A delegate from NICOASSETS makes a presentation during a breakout session
5. Team Standard Bank
6. Mrs Lyness Nkungula making her opening remarks
7. Mrs Anne Chavula making her Presentation
8. Mrs Towera Jalakasi sharing her entrepreneurship journey
9. The guest of honour , Mrs Mercy Kumbatira delivers her speech
10. Team RBM
11. Team FDH
12. Team CDHIB
13. Team Centenary Bank
14. Team TEVETA



GET A TIMELY AND FLEXIBLE LOAN TO GROW YOUR SME BUSINESS WITH **ZAYELA BUSINESS LOANS**

Create your vision.
We'll make it happen

Benefits

Un to
MK150
Million
loan cover

Lowest
interest
rate of
9%

Un to
60
months payback
period

Visit your nearest Service Centre to
apply or dial 322 for more details.

#YourCaringBank #MakingBankingEazy #ItsClear

NBS Bank is regulated by the Reserve Bank of Malawi which can be
contacted on 01 770 600. The Bank principal office is at Ginnerly Corner Blantyre.



BEST BANK
IN MALAWI



BEST BANK FOR
FINANCIAL INCLUSION



BEST BANK FOR
CUSTOMER EXPERIENCE



BEST DIGITAL
TRANSFORMATION BANK



MOST INNOVATIVE IN
DIGITAL BANKING

Call Centre: 322 | WhatsApp: 0888 322 322 | www.nbs.mw |

BRIDGING THE ACCESS TO FINANCE GAP WITH FInES



BY PAULINE MBUKWA



GAME CHANGER—Studio 24 under development

In Malawi, micro small and medium enterprises (MSMEs) face numerous challenges including lack of access to finance and markets, as well as low capacity. Yet, they have a significant potential to contribute towards national economic growth.

Between 2019 and 2021, small scale businesses suffered the impact of Covid-19 pandemic which led to a close down of most businesses resulting in job losses.

The 2019 FinScope Survey estimated that 89 percent of employment in Malawi is in the informal sector. The survey also revealed that only 10 percent of medium enterprises, five percent of small enterprises, and three percent of microenterprises had accessed credit from a commercial bank.

The Financial Inclusion and Entrepreneurship Scaling (FInES) Project, which is funded by the World Bank,

seeks to address some of the challenges that MSMEs are facing such as lack of finance, lack of appropriate technological infrastructure and awareness.

Total funding for the project is \$86 million. The project is built around three main pillars: increasing access to financial services, promoting entrepreneurship and capabilities of MSMEs and enhancing financial infrastructure in Malawi.

According to FInES Project Manager to Dr Mark Lungu, the FInES loans are provided to businesses at a lower interest of 11 percent per annum, with no arrangement fees through commercial banks and at less than four percent per month from microfinance institutions.

He says through the project, the central bank is working with financial institutions namely NBM Development Bank Limited, NBS Bank, MyBucks Banking Cooperation [now Centenary

Bank], Standard Bank, Malawi Agricultural and Industrial Investment Corporation (MAIIC), COMSIV Limited, National Economic Empowerment Forum (NEEF) Limited, Microloan Foundation Limited, Saile Financial Services Limited, FINCA Malawi, Wealthnet Finance Plc, CUMO and Vision Fund.

These institutions receive funding from the Reserve Bank of Malawi through the FInES Project for on-ward lending to micro small and business enterprises.

The Impact

Tamani Mbukwa, 37, had a dream of building a state-of-the-art studio that would offer a wide range of products and services and contribute to people's mental health and physical wellness.

He invested K160 million into the project which started in 2015. When the country was hit by Covid-19, everything came to a standstill. His business was



MBUKWA (TAMANI)—You are never too young to start

barely breaking even. The construction project ended prematurely, and stagnated for almost two and a half years. He did not know where to get extra money to finish the project.

In 2021, when NBM Development Bank Limited told him of the FinES loan, he did not hesitate. He applied for the loan and was given K50 million to resuscitate the construction of his magnificent two-storey building located in the outskirts of Chilomoni in Blantyre.

"The FinES loan made me realise my dream. I named it Studio 24 because 24 symbolises continuity. I called it Studio to mean a creative and entertainment hub that is available in all seasons of the year," Mbukwa said while smiling.

"I saw the need for entertainment, because most young people are involved in drugs and some become

depressed because of lack of entertainment," he said.

According to Mbukwa, Studio24 aims to promote mental health awareness, and physical activity lifestyle, through engaging the community in stress management programmes. Apart from promoting mental health among young people the studio also aims to showcase talent among young people.

The studio has two event spaces, with one of them dedicated to under aged teenagers, as a way of restricting alcohol consumption among the young people.

Mbukwa says scarcity of foreign exchange is affecting his businesses as it is very difficult to purchase some products.

He advises young people not to procrastinate whenever they have a

business idea.

"You are never too young to start. The longer you have been at doing a certain business or any other activity, the better you become at it. Mastery of your business or talent is what will inevitably bring you success. Therefore, whatever idea you have in your mind, start now," concludes Mbukwa.

NBM Development Bank Limited General Manager Bernard Masi says the bank finances projects in the agribusiness (both agriculture mechanisation and value addition), Energy, Tourism, Education, ICT, Structured Mining and Start up Manufacturing Sectors.

According to Masi, NBM Development Bank Limited got the first tranche of K300 million in February 2022, a second tranche of K2.7 billion in July 2022 and a third tranche of K5.0 billion in February 2023.

The bank is disbursing a total of K4.5 billion to 31 customers undertaking various projects. The major sector that has benefitted from the loans is agribusiness followed by Tourism and Health.

"In order to encourage the culture of paying back loans, we are emphasizing the adage 'skin in the game' which means that an entrepreneur should have something to lose in any business that the bank finances and this motivates the entrepreneur to work very hard.

It also promotes a culture of risk sharing with the bank. And so far, we have not had any problems with Nil Non Performing Fines Loans," Masi said.

NBM Development Bank Chief Operating Officer Esnat Kamudoni says the projects, which have been supported with FinES loans, are creating job opportunities on the market.

"For example, we have a corn puff manufacturing company which has created 30 jobs and Studio24 in Chilomoni employing over 20 people," Kamudoni said.

Since the project started in 2021, it has reached out to over 32,000 MSMEs. Out of these, 46 percent are women and 42 percent are men and 12 percent are youths. A total of \$32 billion has been disbursed to PFIs and K27 billion has been disbursed to MSMEs.

REVIVAL OF CULTURAL SYSTEMS

Malawi has a rich and diverse cultural heritage. The people have an interesting history dating back to time immemorial.

There have been efforts to preserve and promote some cultural heritage and spiritual systems including those which are complex in nature.

Cultures around the world continue to evolve though some remain resilient and stand the test of time.

Libation

There are some rituals that used to form an integral part of traditional ceremonies on the total way of life of the people in ancient times. These include offering libation (Nsembe ya Makolo) to spirits of the ancestors.

High moral conduct and discipline is critical in this regard for the spirits to accept one's libation.

There are fundamental principles and strict codes of conduct for people required to participate in such ceremonies in the society. Often, the elderly lead the path to the shrines or places selected for the ceremony.

The libation could be offered during a dry spell to invoke the spirits and bring rain. During such ceremonies, there were special songs and dances. The rain-making dances include Soopa, Tchopa and Mngwetsa.

There are also some challenging times that may require one to offer libation to the spirits of the ancestors. These include disasters and pandemics affecting the people and spirits are called upon to intervene.

The music and dance structure of most rain-making dances follow a certain pattern that continues to fascinate cultural anthropologists and ethnomusicologists.

The complexity of the sound texture itself and harmonies coupled with poly rhythmic patterns have left a lot of



people during performances.

Diversity

There is a new awakening of our cultural heritage and its significance in the country. Various ethnic groupings celebrate cultural diversity. This is a move in the right direction that has to be promoted with a proper cultural policy.

The groupings include the Maseko Ngoni with their Umhlangano, Ngoni-Jele with Umthetho, N'cwala of Ngoni-Mpezeni, Gonapamuhanya for the Tumbuka, Chiwanja cha Ayao for the Yao, Mulhakho wa ALhomwe for the Lhomwe, Chitipa-Karonga heritage for the Ngonde held at Mbande hills in Karonga, Chewa heritage with Kulamba held at His Royal Highness Kalonga Gawa Undi headquarters in Mkaika, Zambia.

Thousands of people gather at these annual festivals and offer a lot of opportunities for social mobilization. Tourists also find their way to celebrate with the local people.

Investment

There are currently calls from varied sectors for the establishment of the National Arts and Heritage Council. This council is set to regulate and safeguard all cultural initiatives in the country.

The cultural sector is deemed as one of the most vibrant in the transformation of the economy. The cultural and creative industries could generate forex with a proper conducive environment.

Investment in this cultural sector is critical as Malawi continues to offer attractive eco-tourism packages and initiatives.

BITCOIN AND REGULATIONS

BY LUMBANI GONDWE

**B**

Bitcoins are purely digital records of ownership over a certain quantity of monetary value. A monetary value of one is itself referred to as one bitcoin.

Unlike fiat currencies, bitcoins are unbacked. Meaning they do not represent a legal claim on any underlying assets. Bitcoins, also referred to as “chain of digital signatures” are passed from one person to another using an electronic signature called hash. During this process, the sender, passing the Bitcoin onwards, electronically signs the previous transactions of the Bitcoin and the public key of the recipient they are sending the Bitcoin to.

Bitcoins simpler analogy equates signing for a

package that you have received and then writing a forwarding address on the package before sending it onwards. Passing the Bitcoin from one person to another is like playing a game of passing the parcel, except each time the parcel is passed, the history of the parcels locations is written on it. This history creates the Bitcoin “Blockchain” which is essentially a ledger of the Bitcoin transaction history.

Bitcoin and other cryptocurrencies such as Ethereum continue to grow in appeal as viable channels of payments and investment in many countries, with Central African Republic being most recent country to launch its own official national cryptocurrency called Sango Coin to facilitate the tokenisation of the country’s natural resources for global investors.

In its recent report, the United Nations Conference on Trade and Development linked the growing interest in Bitcoin and other



The technologies embedded within bitcoin have the potential for supporting the development of more open, contestable and interconnected ecosystems for the delivery of payment and financial services, much like the internet did for the delivery of communication and content services.

cryptocurrencies to its appeal as a cost effective and new way to run financial services due to low fees charged in its exchanges, ability to drive financial inclusion and the speed of transactions comparing to traditional financial institutions which act as trusted parties in facilitating transactions and often spend time resolving disputes and dealing with associated risks. This, in turn, increases the cost of performing transactions especially over the internet and makes transactions relatively expensive, whilst Bitcoin allows two parties to transact with each other without a 3rd party getting in the way.

Nevertheless, gaps in legal and

regulatory frameworks remain the greater challenge across the world to crypto's adoption into the mainstream financial systems as a payment and investment instrument aside the security and price volatility concerns.

A number of countries, such as Canada, have developed regulations on Bitcoin use and whether or not it is considered a legal tender, some like Kenya and South Africa are developing regulations. Others strongly disagree with this new innovation and have warned its citizens not to go near this potentially risky financial option as it can be traded fraudulently and held without identification of the residency of the asset holder

and of course extensively used for money laundering and other illicit activities. In its recent research on Capital Flow Management Measures in the Digital Age and Challenges of Cryptocurrency, the International Monetary Fund highlights that despite the crypto becoming a significant instrument for payments and speculative investments in some countries, driven mostly by a host of macro-economic, institutional, and demographic factors, challenges posed by the attributes of cryptocurrencies are compounded by gaps in the legal and regulatory frameworks, as the legal status of cryptocurrencies are often not clear.

Bitcoin is definitely not doomed as an alternative to national currencies and it is slowly finding its way into the mainstream financial systems and its key engineering elements offer possibilities of imagining a radically different approach for architecting electronic payment systems. The technologies embedded within bitcoin have the potential for supporting the development of more open, contestable and interconnected ecosystems for the delivery of payment and financial services, much like the internet did for the delivery of communication and content services.

By lowering costs and encouraging innovation, the adoption of bitcoin-like protocols could radically expand access and relevance of financial services globally, especially across borders and in developing countries.

Regulating bitcoin need concerted effort in developing and strengthening data capabilities, availability, quality, and consistency on cryptocurrencies and then establishing stakeholders and international collaborative arrangements for supervision of cryptocurrencies to address regulation, legal and data gaps and leverage the technology to create anomaly detection models and red-flag indicators that will allow for timely risk monitoring. Introducing bitcoin regulations should go a long way in curbing the impact of money laundering and helping platforms to build systems that are safe and trustworthy

About the Author:

Lumbani Gondwe is a Chartered Certified Digital Finance Specialist

Investment banking services

We provide specialised, well researched financial advice to organizations confronted with complex financial challenges. Our market leadership in investment banking is defined by a combination of determination and commitment to create value for our clients.



ADMARC

Commercial paper programme

Lead arranger

2021



INVESTMENT BANK



Secured loan programme

Lead arranger

2021



INVESTMENT BANK



AHL GROUP PLC

Medium term note

Lead arranger

2020



INVESTMENT BANK



Medium term note

Lead arranger & local agent bank

2020



INVESTMENT BANK



MAIIC
Malawi Agricultural & Rural Investment Corporation PLC

Establishment of a national development finance institution in Malawi

Lead arranger

2019



INVESTMENT BANK



AFREXIMBANK

Trade finance intermediary Malawi

2019



INVESTMENT BANK



Best Investment Bank in Malawi - 2022
Global Banking & Finance Review



INVESTMENT BANK



7TH BANKERS CONFERENCE RESOLUTIONS

The Bankers Association of Malawi held its 7th Annual Lake Conference from 27th – 29th October 2022 at Sunbird, Nkopola Lodge in Mangochi. The theme for the conference was: **CATCHING TOMORROW TODAY: POSITIONING FOR UNPRECEDENTED DIGITAL TRANSFORMATION.**

The Conference brought together different actors in the value chain with the aim of exploring opportunities most conducive for connecting people through digital technology.

At the end of the conference, the following were the resolutions agreed:

1. delegates resolved that Malawi should stop importing systems and instead promote local ones. It was suggested that the country should borrow a leaf from Zambia where local human innovation is upskilled, and Smart Zambia e-governance is being championed.
2. Digital transformation and payment ecosystem strategies at National level should be encouraged and trickled down to all levels of citizenry. It was recommended that the financial industry should work on automating the KYC to simplify the needs of the customer, to open accounts and combat fraud which is on the increase. Customers should be able to open accounts instantly and remotely through digital systems. As a result, the delegates requested for a speedy centralized e-KYC system.
3. The financial industry should drive the digital transformation agenda. There is need to adopt the changes in technology as customers are looking for products and services which suit them. There is a need for all companies, financial sector inclusive to provide a solution to customer needs. Therefore, this calls for mindset change for all citizenries. Banks should be able to speed up in resolving issues pertaining to digital transactions and government should consider implementing EFT for its payments and receipts.
4. It was suggested that there is a need for inclusivity of all stakeholders and bank departments during the Bankers Conference to ensure that resolutions are implemented accordingly.
5. There is a need to have collaborated partnerships to enjoy economies of scale when it comes to development of solutions by the financial sector. This would reduce capital required. In addition, Banks and MNOs need more collaboration than competing to do more on the landscape, thereby building trust in one another.
6. There is need to align universities' curricula that would allow to respond to the evolving Malawian environment.
7. Co-creation: It was suggested that banks should have products that can be shared across through the effective utilization of the National Switch for example instant funds transfer.
8. It was recommended that action should be made towards the informative deputy governor's address:
9. E-payments gateway solution that will enable people to pay on-line for various goods and services even traffic offence fines by swiping.
10. Need to ADOPT the digital transformation and ADAPT it to provide superior service to customers and of course benefit from the reduced cost of doing business.
11. Innovations are needed as a country. The disruptive innovations should be critically analyzed. For Malawi to transform into the middle-income country, innovations are a must so that we move from an importing country to exporting one.
12. There is need for Crypto currency awareness. There should be more research and clarity on the product itself and any implications involved. The Reserve Bank of Malawi together with BAM should come up with training sessions for this topic for all stakeholders to understand crypto currency.
13. There is a need to focus on investing and developing cyber security, in order for the banking industry to build resilience against cyber-attacks that are likely to increase in intensity and frequency.
14. There is a need for Transformational leadership. **Leaders that challenge the status quo while fostering creativity, those that encourage people to learn and explore new ways of doing things.** This should drive the change we need to embrace.
15. There is a need for individual employees to plan for retirement in advance. Retirement is one life event that is unavoidable as eventually, employees will leave the workforce and pension will not be enough to sustain their lives. Retirement plans have plenty of benefits and help you stay secure without worrying about the income coming in. With the income that you receive from your retirement plan; you can utilize it for your daily and basic needs.

JERSEY UNVEILING FOR **FIRST CAPITAL BANK BIG BULLETS**



FCB Nyasa Bullets



First Capital Bank founder Hitesh Anadkat (second right) unveils FCB Bullets jersey at Kamuzu Stadium



FCB Nyasa Bullets and Mighty Mukuru Wanderers



FCB Nyasa Bullets President Conrad Buckle, FCB founder Hitesh Anadkat and wife Meeta Anadkat & FCB Malawi CEO Spiro Georgopoulos



FCB Malawi executive in FCB Nyasa Bullets colours

RE-IMAGINING BANKING FOR A BETTER FUTURE; EXIT MYBUCKS, ENTER CENTENARY

BY STAFF WRITER

Malawi's banking sector welcomed a new player in March, following the recent registration of Centenary Bank Limited. The bank's arrival marks a significant development in the industry, as it brings fresh ideas and innovative solutions to the table.

During the launch of the bank, Centenary Bank Managing Director, Zandile Shaba, who also serves as the vice chairperson for the Bankers Association of Malawi, made it clear that "the bank is not content with being just another financial institution.

Instead, the bank has set its sight on reimagining what banking means and providing superior banking experiences to its customers".

In her speech, Shaba outlined the bank's vision for the future, emphasising a deep reimagining of the very essence of what banking means.

She said "the bank's transformation is not just cosmetic, but a complete break from the constraints of tradition and old habits, forging ahead into a new era where personal connections and emotional bonds with customers are at the heart of everything we do."

In an industry characterised by rapid digital evolution, Shaba said the bank will "lead the way by constantly pushing the boundaries of what is possible and reimagining banking in ways that make it more relevant, accessible, and responsive to customer needs."

With a focus on financial inclusion, the Centenary Group, through Centenary Bank Limited, aims to create products that ensure that it reaches rural people, just as it has done with Centenary Bank Uganda.

Centenary Group Executive Chairman, John Ddumba Ssentam, highlighted that Centetech, the group's subsidiary information, communication, and technology firm, will design systems to enhance banking in rural areas, a structure that has proven



UNIVEILED: The Centenary Group team pose for a picture outside the newly unveiled bank in Lilongwe, capital of Malawi

successful in the bank's Ugandan operations, and he said Centenary Bank Limited's aspirations align with Malawi's ambition to create wealth for all.

Reserve Bank Deputy Governor William Mathambo praised the bank for outlining goals that align with the country's economic aspirations, emphasizing that it is time for banks to think about the welfare of the people and communities they serve.

With the largest microfinance bank in Africa, Centenary Group's experience and expertise will be invaluable in shaping Malawi's banking sector for a better future. The launch of Centenary Bank Limited is a significant development for Malawi's banking sector.

As the bank sets out to reimagine banking for a better future, customers can look forward to superior banking experiences and innovative solutions that meet their evolving needs. The bank's commitment to financial inclusion, particularly in rural areas, demonstrates its commitment to creating wealth for all, in line with Malawi's economic aspirations. With its visionary approach and a focus on customer centricity, Centenary Bank Limited is poised to be a game changer in Malawi's banking landscape.

DATA-DRIVEN BUSINESS DECISIONS



BY CHRIS CHIRWA
CONTRIBUTOR



I will begin by sharing an interesting quote from a book which I have just finished reading, *The Laws of Human Nature* by Robert Greene (a controversial writer in my opinion). He says “the first step toward becoming rational is to understand our fundamental irrationality. There are two factors that should render this more palatable to our egos: nobody is exempt from the irresistible effect of emotions on the mind, not even the wisest among us; and to some extent irrationality is a function of the structure of our brains and is wired into our very nature by the way we process emotions. Being irrational is almost beyond our control.”

The subject of data cannot be exhausted, at least not in the lifetime of anyone living at the moment, as it has so many dimensions and perspectives. At the end of reading this article I would like each of you to take a step back and start trusting data to make rational decisions. There are so many times where corporate decisions are

made based on our emotions, instincts, intuition, and feelings.

Each of us makes decisions every day, from seemingly simple reflex decisions to complex decisions, based on existing data which resides in our brains.

Each time I hear, read, or watch about big data, I cannot help but wonder how Malawi banks could leverage on big data better. Leverage on big data for what? The first thing which comes to my mind is to make informed and data-backed decisions.

To understand what big data is, we need to understand that data (big data) is the foundation of digital. Most of the emerging technologies revolve around the availability of big data.



Big data is at the core of making probabilistic, informed, unbiased, and contextual decisions. As humans, we tend to have biases in our decisions; probabilistic reasoning tries to counter those biases which usually use motivated reasoning.

Motivated reasoning (what most people use) is a phenomenon that uses emotionally biased reasoning to produce justifications or make decisions that are most desired rather than those that accurately reflect the evidence. Big data comes in to provide that evidence to assist in decision making. With big data it is easier to predict trends by analysing related patterns. For example, more Google searches for Malaria from a certain geographical region might mean that there is a risk of infection from that region. Big data assists in the creation of models to be reused in future such as results of a marketing promotion by using certain metrics to be reused in future marketing initiatives.

Big data, if processed properly, will provide organisations with competitive advantage in terms of marketing, customer management, and predicting the future trends

The other reason why we use big data is the most obvious: survival! Big data has become so disruptive that the organisations which do not take advantage of the same will find it difficult to survive.

At the core of big data is Artificial Intelligence. We cannot talk about big data without talking about artificial intelligence as these are inseparable partners. Artificial Intelligence is getting computers to do what people can do, and even do them better, computers getting to do adaptive, goal-oriented tasks. Let me be quick to mention that automation is not entirely Artificial Intelligence, it is also good to note that what humans do very well computers cannot do that well, and what computers do very well humans cannot do that well, such as humans are good at making decisions while computers are better at the computational power. This is where the human's decision making, big data and computational power of computers converge.

Artificial Intelligence is already here



with us. There are several encounters which most of us have experienced without giving it a second thought, but that was big data and artificial intelligence at play. Online shopping management tracks the whole cycle for consumers from the first search to purchase, and follows targeted adverts in relation to the search consumers make.

Putting it in practice

To embark on a shift in the way an organization makes its decisions, we need to start from team engagement at the strategy table; all members must engage and be convinced of the need

for such a change. Review the organisation's current state, look for gaps and provide a picture of how you would like to adapt big data. Do not hesitate to seek assistance. No one has the monopoly of knowledge. It is important to get 'well-exposed' experienced consultants.

Big data, when used and analysed well, will be a powerful tool to the banking industry for making smart decisions, understanding customers better, collecting better market intelligence, delivering smarter services and products, improving business operations, by improving internal efficiency and operations, and finally generating income for improved revenues.

ORAL AND MAXILLOFACIAL SURGERY NEEDS

The burden of oral and dental and facial diseases is well known all over. But the problem seems greater in developing countries. Malawi's population stands at about 20 million, but the country has about 54 dentists. Less than 20 of them are in public hospitals.

The current dentist to population ratio is 1:419,000 while the average recommended by the World Health Organisation for Africa is approximately 1:150,000 against an average of 1:2,000 in most industrialized countries. The shortage of oral health workforce in Malawi at the graduate level is therefore glaring.

The Department of Oral Health Sciences/Dentistry is new and was established through the Malawi Dental School Project (MalDent Project) (www.themaldentproject.com) towards developing an oral health workforce for the country. The first cohort of Dental students was admitted in August 2019.

We now have five cohorts with the first cohort doing BDS 4 in 2023. The Maldent Project is collaboration between the Kamuzu University of Health Sciences and the University of Glasgow Dental School funded by the Scottish Government with support from some partners including NGOs working in the dental field in the UK. The Maldent Project is now in its final year.

Dental caries (rotten teeth) and periodontitis (starting from gum disease) are common among the population. Many learners and adults have missed school or work or other social functions due to a painful tooth. The use of refined sugars in sweets, chocolates, cakes and biscuits are noted to be the main culprit in tooth decay. Some of these teeth have been removed and yet they could have been saved by a timely visit to the Dentist or Dental Therapist. Most adult people have experienced 'bleeding gums' or gums that bleed spontaneously or on brushing.

This is a sign of periodontal disease which can lead to periodontitis (inflammation of the gums) that eventually leads to tooth loss. Timely consultation and treatment with a Dentist or Dental Therapist will stop the progression of gingivitis and prevent tooth loss.

Other problems of the face, mouth and jaws are oral cancer and the growth of tumours and cysts around the jaws and mouth. Oral cancer is usually a lifestyle disease that is perpetuated by cigarette smoking and drinking alcohol or a combination of both. The risk of oral cancer is increased in a patient who smokes cigarettes or drinks alcohol or both than in a non-smoker and non-drinker person.

Cessation of the habits (or not starting at all) has been linked to reduced incidence of oral cancer.

Oral and Maxillofacial Surgery is a surgical specialty focusing on reconstructive surgery of the face, oral cavity, jaws, head and neck.

The need for Oral and Maxillofacial Surgery cannot be overemphasized. There's a lot of need for this type of surgery for both young and mature patients at QECH where there are more than 100 patients on a waiting list for oral and maxillofacial surgery.

The changes in facial appearance and quality of life after the tumour resection and reconstruction is tremendous. It allows the patient to live a relatively normal life and can attend school, work and attend social gatherings etc with relative confidence.

In addition to facial pathologies, there has been an increase in the number of motorcycles on the roads of (mostly) rural Malawi. Most of the roads are rough and bumpy to say the least and worst of all, most motor cyclists do not have licences let alone the required skill and training to transport passengers. As a result, motorcycle accidents are on the increase and among these facial injuries are common.

The international trend for treating facial injuries requires the use of specialized miniplates and screws which allows the patients to return to normal life quicker than otherwise, and with minimal morbidity. These plates and screws are available at a cost since they will have to be imported from abroad.

Your help will not only make a difference to the patients receiving the treatment but also it will positively impact on the training of Malawi's own Dental Surgeons, (some of whom want to become dental specialists upon completion of their BDS degrees) thus making a significant dent to the oral, dental and facial disease profile in the Malawi population.

Dr James M Mchenga

Specialist Oral & Maxillofacial Surgeon

**Acting Head: Department of Oral Health Sciences
Kamuzu University of Health Sciences**

Mobile no.: +265 99 11 22 705

+265 088 698 4444

Email: jmchenga@kuhes.ac.mw

Get the **best** Civil Servants Loan



Apply for a **Civil Servants Loan** of up to **K10 million** repayable in 36 months. Visit any **FDH Bank Plc Service Centre** to apply.

Call 525 (Toll free) for more details.

Terms & Conditions Apply



Revolutionize Your **Business Communication**

with MTL's **BusinessVOICE**

Now more **secure,**
reliable and
flexible.

VoIP

Upgrade now and enjoy
**crystal-clear premium
voice quality.**

Help Line : 191  

 Voice  Broadband

For more details contact our Customer Care on customer.relations@mtl.mw or WhatsApp on 01 686 191



www.mtl.mw