



website: [www.nbfira.org.bw](http://www.nbfira.org.bw)

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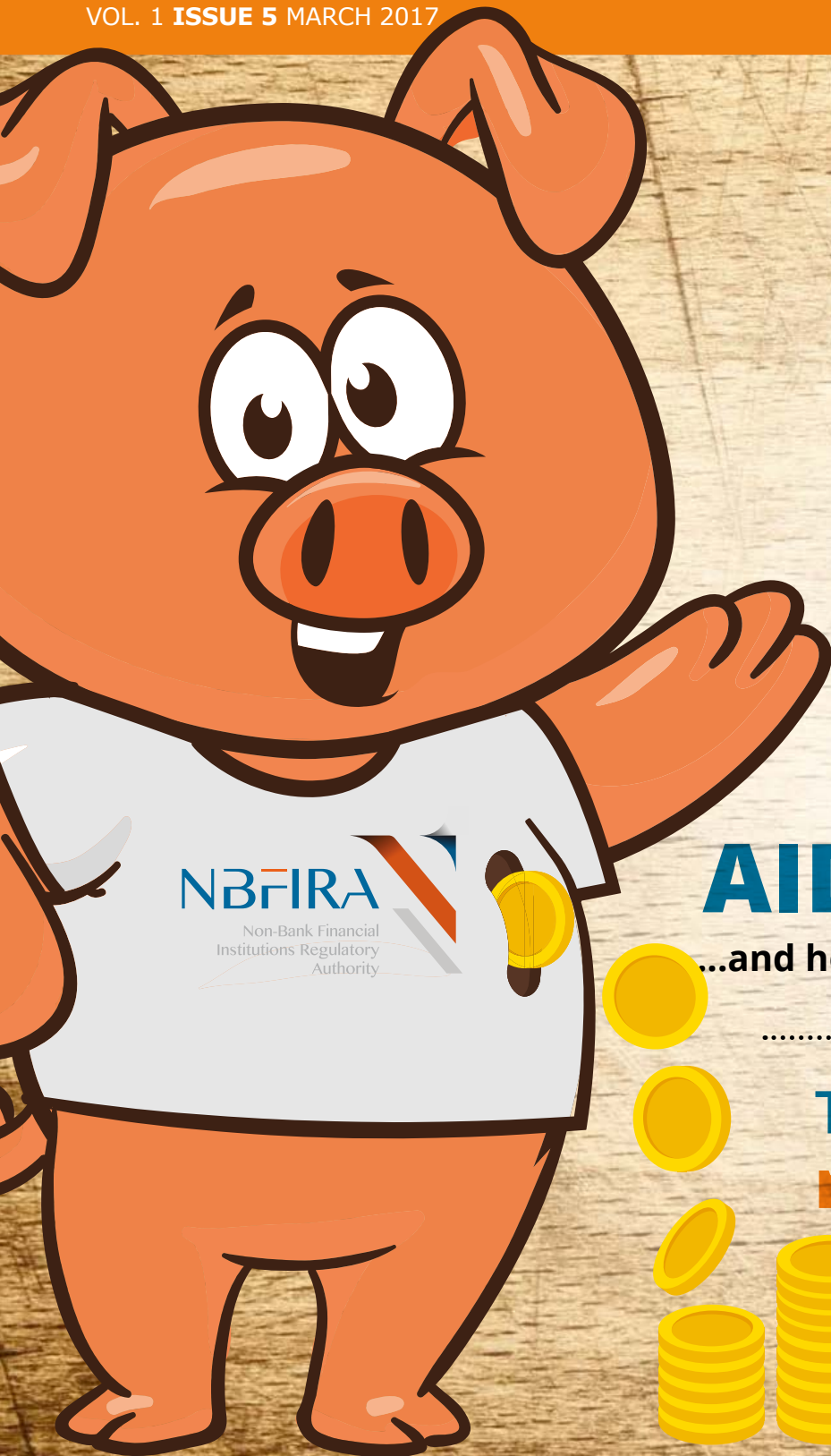
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NBFIRA

Non-Bank Financial  
Institutions Regulatory  
Authority

NEWSLETTER OF THE NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY

VOL. 1 **ISSUE 5** MARCH 2017



## Buying and **Selling of Securities**

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NBFIRA consumer  
financial education  
campaign **at Tonota  
College of Education**

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## MEDICAL AID FUNDING

...and how contributions are utilised

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The pitbull in our  
**neighbourhood**

A man with short dark hair and glasses, wearing a dark blue suit jacket, a white shirt, and a red tie with thin blue and white diagonal stripes. He is standing against a light blue background.

# Editor's Note

Welcome to our fifth newsletter publication. Our intention is to keep consumers of non-bank financial institutions and the general public informed on financial services and products offered by entities we regulate.

We do pledge our continued stakeholder engagement through our website, social media and consumer education initiatives such as roadshows, presentations, trade fairs and stakeholder events. Our regulatory Directorates continue to engage our stakeholders through bilateral and industry meetings to update them on regulatory developments. I invite you to engage us through our info link on the website to ask questions, seek information or lodge a complaint. Our promise to the public is to offer good customer service in pursuit of our endeavour to give regular regulatory updates and issuance of public notices in the event of contraventions or new unlicensed entrants in any regulated sector. We therefore ask for your cooperation to report any unlicensed cash loans, metshelo or any suspicious company operating as a non-bank within our borders.

Tapologo Kwapa



# About NBFIRA

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) was established as an independent regulatory agency for the non-bank financial institutions in April 2008. As outlined in section 4 of the NBFIRA ACT, the principal objective of NBFIRA is to regulate and supervise the non-bank financial institutions so as to foster the:

- a. Safety and soundness of non-bank financial institutions;
- b. Highest standard of conduct of business by non-bank financial institutions;
- c. Fairness, efficiency and orderliness of the non-bank financial sector;
- d. Stability of the financial system;
- e. Reduction and deterrence of financial crime.

## VISION

To be an efficient and effective regulatory and supervisory Authority in line with International best practices.

## MISSION

To regulate and supervise Non-Bank Financial Institutions for the purpose of contributing towards financial stability.

## VALUES

- a. **Integrity** - we adhere to the highest ethical standards.
- b. **Transparency** - we are open and frank in our operations.
- c. **Fairness** - we consistently promote equal treatment in dealings with all stakeholders.
- d. **Accountability** - we are responsible to our stakeholders.
- e. **Diligence** - we are thorough and persistent in the execution of our duties.

## NBFIRA comprises of five (5) directorates being:

### CORPORATE SERVICES DIRECTORATE

The directorate provides strategic leadership in the designing and implementation of ICT, finance, accounting, human resources, capital strategies, policies, and other programs for the authority. The divisions are:

- Finance
- Human Resources
- Information Technology
- Communications

### CAPITAL MARKETS DIRECTORATE

Capital markets directorate leads in the development and review of the regulatory framework for Capital Markets and ensures that all regulated activities in the sector are conducted in strict compliance with the governing laws.

### INSURANCE DIRECTORATE

The Department of Insurance at NBFIRA is charged with the implementation of provisions of the Insurance Industry Act and the International Insurance Act defined as the Financial Services Law under NBFIRA Act of 2006.

### PENSIONS DIRECTORATE

The Pension Funds Industry is regulated in terms of the NBFIRA Act (No. 2 of 2006) and the Pension and Provident Funds Act and Regulations (Cap 27:03). In terms of the above Acts, all Pension and Provident Funds must be licensed by NBFIRA and must comply with the provisions of these Acts. A pension or provident fund is a fund that provides an income for a member on retirement or an income to dependents if the member dies.

### LENDING ACTIVITIES DEPARTMENT

The Department of Lending Activities at NBFIRA is charged with the implementation of provisions of the lending Regulations and the NBFIRA Act defined as Financial Services Law under NBFIRA.



# Medical Aid Funding and how contributions are utilised

Medical Aid Fund may be defined as a fund to which a large number of people contribute, to help with unexpected medical expenses when needed.

Medical Aid Fund members collectively pool their risk against the very real likelihood of incurring medical expenses that would otherwise be difficult to pay out of their own pockets. The premiums (money you contribute) for your medical aid fund benefit option every month, is pooled together with all the other member contribution premiums. Together this forms a cash pot from which the medical aid fund pays out claims.

## **How do Medical Aid Funds know how much money is needed to cover healthcare expenses?**

Medical Aid Funds estimate the overall annual risk of their members' healthcare expenses by reviewing historical claims and expected increases in the cost of medical treatment. Subsequently, determining your monthly premium, to ensure that sufficient money is available to pay for the healthcare benefits which they plan on selling to you.

## **Why do members pay different premiums?**

The higher the level of coverage you require the more you pay because if you want access to a bigger part of the collected medical aid fund amount, your contribution towards it needs to be bigger.

## **How do I know which procedures and medicine my fund covers?**

Each medical aid fund has benefit options that members can subscribe to, the limits of which depends on one's ability to pay subscriptions. It is important that members of the medical aid fund get hold of the document that clearly outlines the specific benefits and procedures that are covered under that option and the maximum cover on each.

## **What does my contribution to the medical aid fund pay?**

A significant portion of the contribution premiums are used to cover healthcare expenditure such as specialists' consultation fees and medicines, etc. The premiums are also used to pay for Administration costs incurred for the administration of the fund.

## **What happens if funds are not exhausted during the year?**

The portion of the premiums remaining after settling healthcare and non-healthcare expenditure or the surplus serves as a safety net for the medical aid funds during periods when claims are higher than premiums. It is also important to note that medical aid funds apply what is called "cross subsidisation" which means the sick people are paid for using the money of the healthy individuals.

This is why one cannot claim back their money even if they did not fall sick during the year because that money was used to pay health expenses of the sick members of the fund.

## **Are Medical Aid Funds allowed to reject a member on the basis of their medical history?**

Since access to healthcare is a common good, medical aid funds are discouraged to apply full underwriting (i.e. assess an individual's health risk and accept or reject their application for membership on that basis). Therefore medical aid funds have to accept everyone who can afford to pay the monthly subscriptions regardless of how sick they are. In order not to expose themselves to too much risk, medical aids would then apply "waiting periods". Waiting periods can generally mean everyone joining a medical aid would have to wait a period of time (usually 3 months or longer) before they are entitled to claim for any benefits. Or they can be "condition specific waiting periods" which depend on what illness you have had before joining the medical aid. A condition specific waiting period (which can be between 1 to 2 years) means that you are not able to be covered for that specific condition before the 1 or 2 years is over.



# The pitbull in our neighbourhood

By Eric Mogotsakgotla

The society we live in has been doctrine to believe that the Regulator is the Pitbull that roams the street and keeps us all from being liberated in our neighborhood.

A Pitbull just like any dog offers protection and provides a loving companion that gives us a sense of security in a neighborhood that roam people from all walk of life, some with good intensions whilst others lust for what is not theirs.

Many entrepreneurs find themselves with businesses that never seem to go over the 3 year hurdle. This is not because the dedication has dwindled or sacrifices have not been made but simply because we fail to see value in the Pitbull that lives in our neighborhood. The business that operate in the financial sector, especially in the micro lending industry fail to see the Regulator as the Pitbull roaming the street to reduce and deter financial crime, bring financial stability, orderliness, soundness and help uphold the highest standards of conduct in the Lending Sector.

The backbone of regulation is reporting. Startup micro lenders need a paradigm shift from seeing regulatory reporting as a burden, but rather as a tool that gives their businesses structure. Regulatory submissions allow small businesses summative reports that allow them to manage their loan book to provide undertone trends that can be used for strategy formation to ensure that micro lenders become businesses that can grow the owners' wealth and provide sustainable jobs for generations of Batswana to come.

Regulatory returns are helpful in protecting micro lenders against themselves. Many times we fail to see that our actions become weapons against our wealth, therefore regular submissions to the Regulatory Authority can assist the Regulatory Authority to become the Pitbull that snoops and picks up on our own self-inflicted poison that slowly kills the performance of our business.



# Ever had **these** thoughts?

## HOW MANY PENSION FUNDS CAN I HAVE?

You can contribute towards a separate pension fund from the one you have at work to cushion your retirement more.

## AM I READY TO RETIRE?

Many people are not ready for retirement. The one third is not enough

## WHAT HAPPENS TO MY CONTRIBUTION?

The funds under their management are invested in a prudent way so as to generate optimum returns to members, the money is used with an acceptable level of risk.

## WHEN SHOULD I START MY PENSION?

Start your pension fund young. It's the wise thing to do.

## WHAT ARE THE BENEFITS OF A PENSION FUND?

- when people retire they will experience a reduction in income - a pension makes up for some of this loss of income in retirement.
- pension schemes can provide protection in the form of lump sums and pensions to dependants in the event of a member's death.

## WHEN IS THE MONEY PAID TO ME?

Funds differ, most pension funds pay 1/3 of the total amount upon retirement depending on the amount accumulated.



# Buying and Selling of Securities

When you purchase shares, or equities you become a part owner of the business. This could entitle you to vote at shareholder meetings and allows you to receive any profits that the company allocates to its owners. These profits are referred to as dividends.

## **What are dividends?**

A sum of money paid annually by a company to its shareholders out of its profits.

## **Where can I buy shares?**

Shares can be bought through a broker. You can find them at the following companies

- Motswedi Securities
- Imara Capital Securities
- Stockbrokers Botswana
- African Alliance Botswana Securities

These are all under Botswana Stock Exchange.

## **Why do companies sell shares?**

Companies do this for the purpose of raising money they require for growth.

## **What determines price of shares?**

The price of shares can change many times in one day! However an increase in a company's profit or new venture can increase the demand of the shares thus increase the share price. The opposite could result in an inverse result.

## **Always Remember**

- Shares fluctuate in value on a daily basis
- When you buy stock, you are not guaranteed anything
- IPO (initial public offering) is usually the cheapest price
- Participate in the annual general meeting of the company
- You may sell and buy anytime
- Many advise that its best to "buy low and sell high"

## **Caution**

Make sure you understand the following before you sign;

- Nature, Aim & Benefits of the product
- Risks of the product
- Details about the fund manager
- Fees and charges to be borne by you
- Warnings, exclusions and disclaimers



# PUBLIC NOTICES

## Shangor Insurance Brokers

The Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") hereby informs members of the public that the insurance broker, Shangor Insurance Brokers (Pty) Ltd has been placed under temporary closure in terms of Section 57 of the NBFIRA Act:

- 1) Members of the public who have paid premiums for insurance cover directly to Shangor Insurance Brokers, but have not been served with a cover confirmation or policy documents from an insurer are advised to contact NBFIRA immediately.
- 2) Policyholders who are insured through Shangor Insurance Brokers are duly advised to contact their insurers (underwriters) directly to confirm their insurance covers (policies) or for any due insurance benefit or claims.

Furthermore, members of the public are advised not to transact any insurance business with Shangor Insurance Brokers.

**Sriram Gade (Mr.)**  
**ACTING CHIEF EXECUTIVE OFFICER**  
December 16, 2016

## Stockbrokers Botswana Limited

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) wishes to inform all stakeholders in the capital markets as well as the general public that the Statutory Management which was imposed on Stockbrokers Botswana Limited (the "Company" or "SBB" ) on the 6th September 2016 in terms of section 73 of the NBFIRA Act 2006, was lifted on 21st December 2016 in accordance with Section 75 of the NBFIRA Act 2006, as the Regulator has established that the grounds for the appointment of a Statutory Manager no longer exists. Management control of SBB was duly returned to its directors on that day.

**O. M. Ramasedi**  
**CHIEF EXECUTIVE OFFICER**



# You work hard for your money so you should be careful how you spend it.

## Do the quiz below and try the tips.

More than 5A's (Always) - you are above the average  
Between 3-5S's (Sometimes) - you need to improve  
More than 5 N's (Not at all) - you are in danger

- |   |   |
|---|---|
| 1. I only buy when items are on sale  | 5. I don't decide how much to spend on my shopping  |
| <ul style="list-style-type: none"><li>• Always</li><li>• Sometimes</li><li>• Not at all</li></ul> | <ul style="list-style-type: none"><li>• Always</li><li>• Sometimes</li><li>• Not at all</li></ul> |
| 2. I don't buy junk food when I am shopping   | 6. I buy in bulk when items are on sale   |
| <ul style="list-style-type: none"><li>• Always</li><li>• Sometimes</li><li>• Not at all</li></ul> | <ul style="list-style-type: none"><li>• Always</li><li>• Sometimes</li><li>• Not at all</li></ul> |
| 3. I stick to my shopping list  | 7. I enjoy shopping alone   |
| <ul style="list-style-type: none"><li>• Always</li><li>• Sometimes</li><li>• Not at all</li></ul> | <ul style="list-style-type: none"><li>• Always</li><li>• Sometimes</li><li>• Not at all</li></ul> |
| 4. I never regret buying items  |   |
| <ul style="list-style-type: none"><li>• Always</li><li>• Sometimes</li><li>• Not at all</li></ul> |   |

### QUICK TIPS

- **Always compare prices** and don't assume that if it's on sale it's cheaper. Be aware of marketing strategies that try to get you to buy more.
- **Don't shop when you are hungry...** Junk food is more expensive than home cooked meals. It can really make a difference!
- **Prepare a shopping list** and stick to it when you do your groceries.
- **Before buying something, ask yourself:** Is this essential for me to have? Is it a need or a want? Will I really regret it tomorrow if I don't buy it now? This will help you screen out things that are not worth spending your money on.
- **Decide how much you're going to spend** before you go shopping and stick to your budget.
- **Buy wise:** When non-perishable items are on sale buy in bulk and use later. Buy winter clothing in summer and summer clothing in winter when shops are clearing for seasonal stock.
- **Shop alone and do it quickly.** Spending too much time in a shopping mall will only make you buy more unnecessary stuff.



# NBFIRA consumer financial education campaign at Tonota College of Education

The Authority presented its mandate and financial education to the Tonota College of Education for students and staff on the 01st-02nd February 2017. This initiative is pursuant to our consumer financial education strategy to engage students on financial services and products offered by companies regulated by NBFIRA. The theme for the campaign is Financial Responsibility today for Financial Stability tomorrow. This initiative has been undertaken in schools across the country such as Mater Spei College, Lobatse Secondary School, Batlokwa National Primary School etc.



## EVENTS

### Consumer Financial Education Schools in Presentations: 4 per quarter

1. Batlokwa National Primary School
2. Lobatse Senior Secondary School
3. Bophirima Primary School
4. Mater Spei Senior Secondary School
5. Tonota College of Education

### Mandate Councils

1. South East District Council
2. Lobatse District Council
3. Jwaneng Town Council
4. Selibe-Phikwe Town Council
5. Francistown Town Council
6. Kgalagadi District Council

### Stakeholder Events

1. Ministry of Trade Event (Lobatse)
2. Cooperatives Event in Sebele
3. LEA event in Mochudi
4. Joint Presentation with the Micro-Lending Department at the Orapa Customary Court
5. Ministry of Trade Event in Letlhakane
6. Ministry of Trade Event in Jwaneng
7. Joint Presentation with Micro-Lending Department in Letlhakane

### Exhibitions

1. Khawa Dune Challenge
2. Lobatse Meat Market
3. Maun Agricultural Show
4. Botswana Consumer Fair
5. Ghanzi Fair



## LODGING OF A COMPLAINT WITH NBFIRA

A person wishing to lodge a complaint with NBFIRA should follow the procedure outlined below:

STEP	PROCEDURE
1.	The person must lodge a complaint with the regulated &/licensed entity stating the exact nature of the problem and request for resolution of the complaint.
2.	If Step 1 fails, the complainant should request an appointment with the Principal Officer of the regulated /licensed entity to escalate the complaint for his/her attention and request for a resolution.
3.	If the complainant receives unsatisfactory response or the complaint is not attended to at all by the regulated / licensed entity (in Step 2), the complainant must lodge a written complaint with the Principal Officer of the regulated/licensed entity and request for a written response within 5 working days. The complainant should request for written acknowledgement of receipt of the complaint within 5 working days and in the advent of of the complaint not being resolved, the complainant shall ensure that it notifies the Regulatory Authority within 5 calendar days of the unresolved complaint.
	Please note that: NBFIRA will only attend to complaints after all the above attempts to settle complaints have failed and the complainant is not satisfied with the outcome.
4.	If the regulated/licensed entity through its Principal Officer fails to respond to the complainant in writing and within stipulated timeframe (as per Step 3) which shall not exceed 5 working days, or the complainant is still aggrieved by the written response given by the regulated/licensed entity, the complainant must lodge a complaint with NBFIRA providing a full written statement of events relating to the problem and enclosing a written response (in step 4) from the regulated/licensed entity. To lodge a complaint with NBFIRA, please visit <a href="http://www.nbfira.org.bw">www.nbfira.org.bw</a> and click on the 'Complaint Lodging' tab which will direct you to a site automated to receiving complaints or call 3102595 for further assistance.  The minimum turnaround time during which NBFIRA will acknowledge, investigate and respond to the complainant on the complaint raised, as per step 4 will be within 30 working days.
5.	All correspondence must be addressed to:  <b>The Chief Executive Officer</b> Non-Bank Financial Institutions Regulatory Authority, P/Bag 00314, Gaborone Tel: (+267) 310 2595 / 368 6100 Fax: (+267) 310 2376 / 310 2353

### Guidelines to lodge a complaint

The complaint should be in relation to either of the following issues:

1. The regulate/licensed entity has made a decision outside its powers;
2. The complainant has been prejudiced as a result of maladministration by the entity concerned;
3. A dispute of fact or law has arisen in relation to an entity, between the entity or any person and the complainant; or
4. The management or board of the entity has not fulfilled its duties in terms of rules or agreements.

5. Complaints lodged with NBFIRA must at least contain the following minimum information:
  - a. Full personal details, including name, postal address, identification number, phone and fax numbers and e-mail addresses;
  - b. The history of membership with the fund, or insurer, or entity concerned, commencement date of membership or effective date of contract;
  - c. Full contact details of the entity concerned and the person complainant dealt with in particular;
  - d. Full particulars of the complaint with particular reference to the definition of a complaint as set out in point 6 above;
  - e. Full particulars of the relief the complainant wants NBFIRA to order;

- f. Proof that the complaint has been submitted to the entity concerned; and
- g. A copy of the complaint sent to the entity concerned, together with a copy of any reply received from them, should also be sent to the NBFIRA.

6. Please note that NBFIRA has no legal power to adjudicate a contractual agreement between the licensed entity and the complainant. Contracts can only be adjudicated in a court of law. In this instance, NBFIRA can only attempt to mediate the process to reach an amicable solution, but will not be able to rule on the matter.

# Did some words in these articles confuse you?

Here are a few simple  
explanations of some of the  
words we used;

**Budget:** An estimate of income and expenditure for a set period of time

**Compensation:** Something, typically money, awarded to someone as a recompense for loss, injury, or suffering

**Complaint:** An expression of dissatisfaction/unhappiness

**Contract:** A written or oral legal agreement set up between two or more people

**Coverage:** The degree to which a contract protects you

**Debt:** To owe money to someone

**Financial Literacy:** The ability to understand how money works in the world

**Insurance:** The compensation paid by an insurer in the event of loss, damage, illness or death, in return for a monthly contribution

**Investment:** The action or process of investing money for profit

**Loan:** Money borrowed that is to be repaid with interest

**Malpractice:** Improper, illegal or negligent professional behaviour

**NBFIRA:** Non-Bank Financial Institutions Regulatory Authority

**Policyholder:** A person or group in whose name an insurance policy is held

**Savings:** Money set aside for later

**Stakeholder:** A person with an interest in a company/business





# Budget Template

## 1. Monthly Income

Income is the total sum of everything your household earns. It can come from salary of a steady job or work you do on the side.

You: Monthly salary (after tax) .....

Husband/wife: Monthly salary (after tax) .....

**Total Income (A)** **A =** .....

## 2. Savings

We always stress the importance of putting money aside for the future. Pay yourself first. Set aside a percentage of your monthly income and save it from the start, before paying all other obligations. You can save for a particular goal like the purchase of a new washing machine, rather than buying one on credit at high interest rates, or you can save 'for a rainy day', so that you are better prepared for life's downtimes, emergencies and unforeseen obligations. You can also save for investment. After your savings exceed a certain amount, your financial institution or banker can advise on options for higher interest products or returns on commercial investments that can help your money earn money.

**Savings** **(B) =** .....

## 3. Monthly Expenses (C<sup>1</sup>)

Expenses are everything that you spend your money on each month. Expenses on your monthly budget sheet can include:

Rent/mortgage/bond .....

Bills (water, electricity, rates and taxes) .....

Food (cooking at home) .....

Clothing and shoes (average expenditure) .....

Toiletries .....

Medical/prescriptions .....

Taxi/bus/petrol .....

Domestic staff salaries .....

Plumber/electrician - home maintenance .....

Credit/charge card payments .....

Car loan repayments .....

Personal loan repayment/overdraft fees .....

Bank charges for ATM/card/account usage .....

School fees .....

Cellphone/Airtime .....

Telephone bill/internet data costs .....

Charity/church contributions .....

Entertainment (including eating out, movies, sports events, etc...) .....

### 3.1 Expenses you should have (C<sup>2</sup>)

Medical Aid .....

Life Insurance .....

Funeral Insurance .....

### 3.2 Other Expenses (C<sup>3</sup>)

.....

.....

**Total Expenses (C) C<sup>1</sup> + C<sup>2</sup> + C<sup>3</sup> =** **= (C)** .....



# Words to Remember

"No one's ever achieved financial fitness with a January resolution that's abandoned by February". **Suze Orman**

"Too many people spend money they earned, to buy things they don't want, to impress people that they don't like". **Will Rogers**

"Do not save what is left after spending but spend what is left after saving". **Anonymous**

"I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for ten years". **Warren Buffett**

"You can be young without money but you can't be old without it". **Tennessee Williams**

"It all comes down to this: if your subconscious "financial blueprint" is not set for success, nothing you learn, nothing you know, and nothing you do will make much of a difference". **T. Harv Eker**



# NBFIRA

Non-Bank Financial  
Institutions Regulatory  
Authority



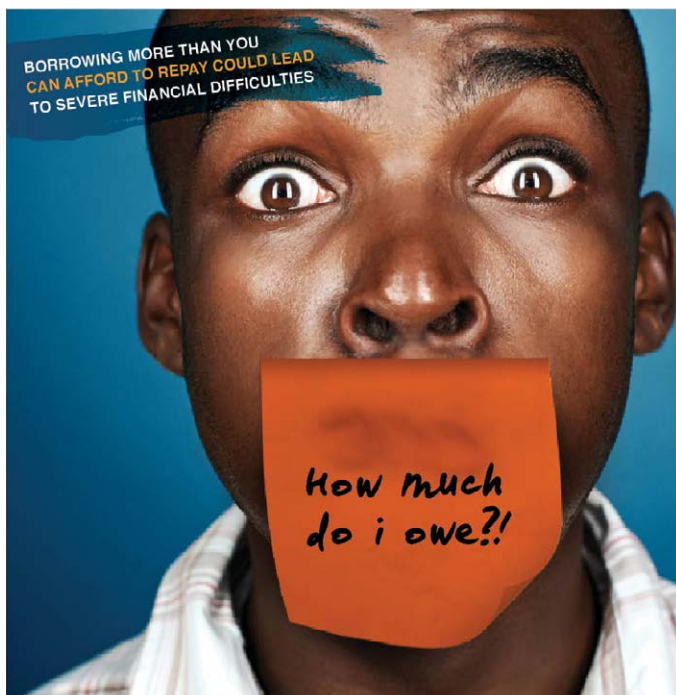
## Invitation

The Non-Bank Financial Institutions Regulatory Authority can come to your establishments to assist with Consumer Financial Education regarding our regulated industries

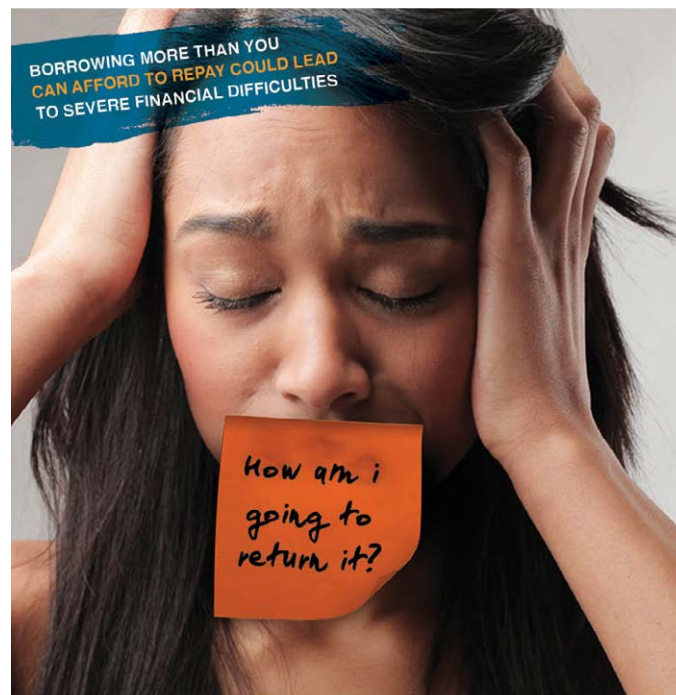
Please contact the Communications Department at NBFIRA for financial education presentations and any other enquiries on

Private Bag 00314, 3rd floor Exponential Building, Plot 54351 CBD, Off PG Matante Road Gaborone, Tel: +267 310 2595/368 6100  
Fax: +267 310 2376/310 2353, Email: [info@nbfira.org.bw](mailto:info@nbfira.org.bw)

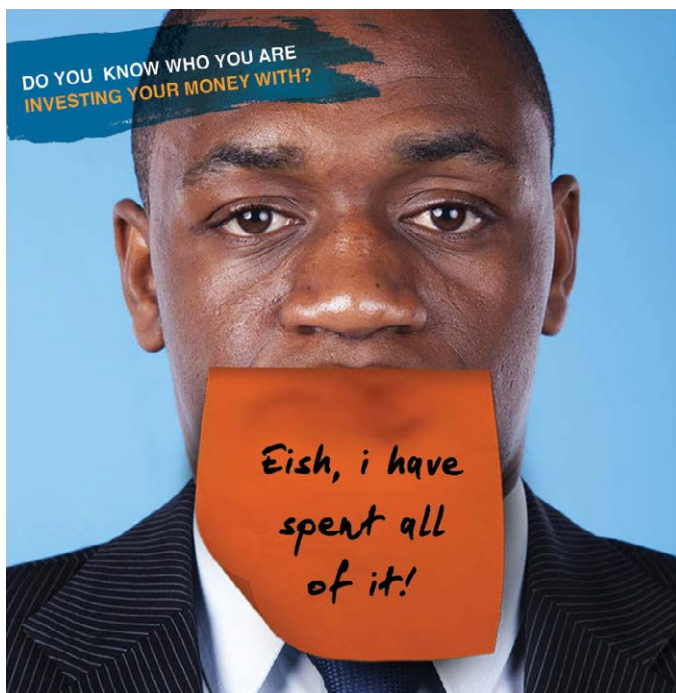




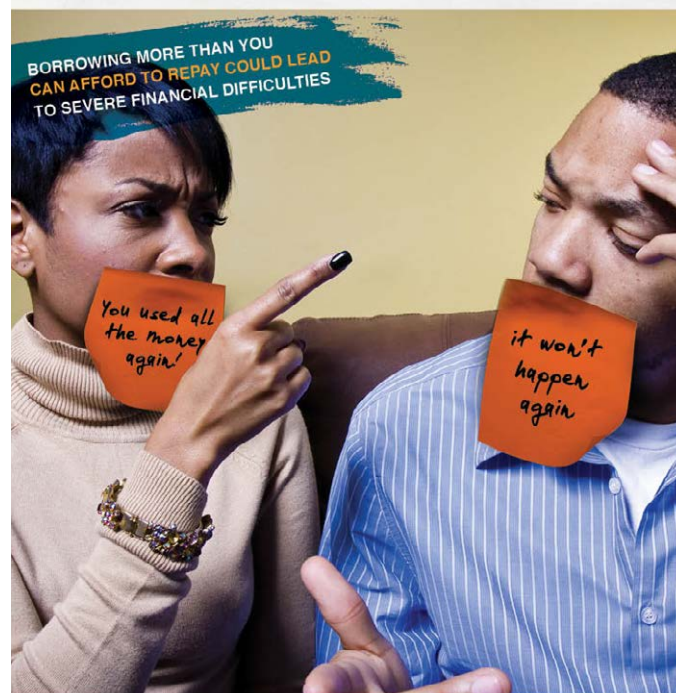
**Molebogi** is a tertiary student living in G-West. He has been borrowing money from money lenders and he doesn't use it wisely. The interest has multiplied. **Do you have plans for the money that you borrow?**



**Sethunya** is a young lady living in Phakalane. She borrowed money from **motshelo** to spend over the holidays. She finds it difficult to return the money. **Overborrowing can lead to financial ruin.**



**Geoffrey** is a businessman who invested his hard earned money with a bogus investor and lost it all. **Contact NBFIRA to check if your investor is licensed.**



**Koketso** and **Leungo** are a young couple. Koketso has been borrowing money without consulting Leungo. He misuses it and this gets both of them into financial trouble. **Overborrowing can lead to financial ruin.**

**NBFIRA**. keeping your interests at heart in the Non-Bank Financial sector.

**Please Contact us on:**

Tel: +267 310 2556, 368 6100

Fax: +267 310 2376, 310 2353

Email: [info@nbfira.org.bw](mailto:info@nbfira.org.bw)

Plot 54351 New CBD,  
Off PG Matante Road, Gaborone

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