



GOVERNOR'S OPENING REMARKS ON THE POST BUDGET SEMINAR, 20 FEBRUARY 2020

Programme Director

Honourable Minister for Finance

Members of Both Houses of Parliament

Distinguished Panellists

Distinguished Guests

Ladies and Gentlemen,

1. I welcome you all to the 2020/21 financial year Post Budget Seminar. Yet again, we are delighted to have your presence in our annual discussion of the National Budget. Firstly, I want to congratulate you Honourable Minister, on your second Budget Speech, and thank you for making time for this year's event. I am aware that the 2019/20 financial year has not been an easy ride, as we experienced turbulences from both international and internal factors.
2. Ladies and Gentlemen, as we all know, our annual Post Budget Seminars bring together stakeholders from all the corners of the Kingdom, to deliberate and brainstorm on the National Budget, as pronounced by the Honourable Minister.
3. Programme Director, the Speech from the Throne has already set the direction for Government. Indeed we take heed to His Majesty's Call for Dialogue, Peace and Unity, as we drive Eswatini to first world status. Indeed this forum, that the Central Bank and the Ministry of Finance provides annually, has always aimed at providing peaceful and unified dialogue as we deliberate on issues of economic importance in the Kingdom.



4. To our esteemed guests and stakeholders, it is our pleasure to provide you with this platform where you will engage in a peaceful and united dialogue as you reflect on the 2020/21 National Budget. We wish to assure you that the Government will take all the issues you will raise into account. Although our time today is minimal, we hope that the engagement with the Honourable Minister will trigger some more issues that you may pursue even outside this forum, through your Members of Parliament.
5. We are encouraged by the Speech from The Throne, when His Majesty proclaimed that the Nation expects an even greater contribution from Parliamentarians in order to hasten the pace of our socio-economic transformation agenda. Therefore, discuss the Budget insights that you will derive from this forum with your Members of Parliament, in order to hasten socio-economic transformation.
6. Programme Director, global growth is expected to pick up in 2020 to 3.4 per cent, from 2.9 per cent in 2019. Coming closer to home, the IMF expects the South African economy to grow by 0.8 per cent, a downward revision from an earlier estimate of 1.1 per cent. However, we are encouraged by the positive outlook for the domestic economy, which is expected to grow by 2.9 per cent in 2020. From the global perspective, downside risks remain prominent, including rising geopolitical tensions, intensifying social unrest and deepening economic frictions between countries. A materialisation of these risks could lead to rapidly deteriorating sentiment, causing global growth to fall below the projected baseline.



7. Therefore, a more balanced policy mix at the national level, considering available monetary and fiscal space, are essential for strengthening economic activity. National-level policies should provide timely demand support as needed, using both fiscal and monetary levers, depending on available policy room. We are happy that even this year, the Budget aims at reducing the structural and fiscal imbalances which have led to the weakening of confidence in our economy. The Bank will always monitor the situation, and be ready to assist from the monetary policy side. We are happy with the turnaround strategy as envisaged by Government. Indeed the key sectors: ICT & Education, Infrastructure and Software Development Potential, Energy & Mining, Tourism, Manufacturing and Agro-processing and Agriculture, are all relevant to turn around our economy.
8. Honourable Minister, let me reaffirm the Bank's commitment to collaborating with you, as we hasten the socio-economic transformation agenda.
9. As I mentioned last year, the Bank is working on legislative reform that is aimed at ensuring that the financial sector remains sound and abreast of global developments, and the needs of the private sector and consumers at large. The Bank has made strides in the revision of the legislative framework. The process of reviewing the Financial Institutions Act, and the Financial Stability Bill, is at advanced stage. The Bank is also developing an institutional framework for crisis prevention and crisis management among the safety net players (i.e. Central Bank, FSRA, and Ministry of Finance). Parallel to that, we are



also working on a Crisis Binder, a document that will detail in depth the steps to be taken in the event that a financial crisis occurs in Eswatini. The process of reviewing the National Clearing and Settlement Systems Act is progressing very well also.

10. With these legislations, the Bank is positioning itself to be responsive to the fast evolving financial sector landscape, and to be in line with international best practice. Furthermore, the Bank seeks to strengthen its powers on market conduct and consumer protection for entities under its purview, as well as intensify supervisory activities in order to prevent anti-competitive practices and to protect the banking customers from unfair practices.

We are currently conducting a research on how a Banks' Deposit Protection Scheme can be established in Eswatini, in order to protect depositors, especially the public making small deposits.

11. In line with Government's Strategic Roadmap, the Bank has sent draft guidelines and a Legal Notice on banks' large exposures (single obligor limits) in order for banks to make comments prior to gazetting by the Ministry of Finance.
12. We have recently completed an exercise to revise Legal Notice No. 62 of 2016 on bank charges, and the draft amendments of the Legal Notice have been sent to the Ministry for Gazetting, wherein, the Bank seeks to reintroduce cash deposit fees for corporates. However, this should be negotiable between the banks and corporates, and a maximum charge of 1 percent for SMMEs, with individuals left unchanged with no charge.



13. In the spirit of promoting financial inclusion and deepening access to financial services, the Bank is in the process of finalising Agency Banking Guidelines which will serve as the guiding framework for banks to engage agents that can provide certain banking services on their behalf, especially in those areas where the banks may not have a presence.
14. In support of the country policy that “Eswatini is open for business”, the Bank embraced the financial surveillance function to apply a risk-based approach in monitoring cross-border transactions. This has eased the movement of currency in and out of the country allowing foreign direct investors to freely invest in the country.
15. Honourable Minister, the Bank continues implementing its mandate to ensure integrity of the financial sector by ensuring compliance with AML/CFT international standards. The integrity of the financial sector is crucial in supporting economic growth as it ensures that the country continues to have correspondent relationships with the globe. The correspondent relationships will ensure continued trade with the international community and foreign direct investment will continue to thrive
16. Honourable Minister, at this juncture, I would like to inform you that we have invited Panellists, who will motivate discussions for this year’s Post Budget seminar. They come from different areas of professions, representing key sectors of the domestic economy. They are:

Honourable Marwick Khumalo Chairperson of the Finance
Portfolio Committee.



Mr. Andrew Le Roux

President of the Business
Eswatini

Mr. Emmanuel Ndlangamandla

Executive Director of CANGO

Ms. Colleen Zamba

Senior Economist, UNDP
Representative

Professor Mike Matsebula

President of ECAS

Honourable Minister, these Panellists will provide their views about the Budget, as they analyse it from the perspective of their professions, and incite the participants to engage.

17. Ladies and Gentlemen, let me end my remarks by requesting you to be honest and constructive in your deliberations, in order to provide the Ministry with good advice on how to effectively implement the presented Budget.
18. As part of the Bank's responsibility to offer advice to Government, I wish to assure you, Honourable Minister, that we stand ready to give support and advice to your Ministry.

I Thank You!!!