

January 2015

UMNTSHOLI

A Bi-annual Newsletter of the Central Bank of Swaziland



The Central Bank of Swaziland at the Trade Fair



Common Monetary Area Governors' Meeting



SD making progress in improving lives - IMF Executive Director

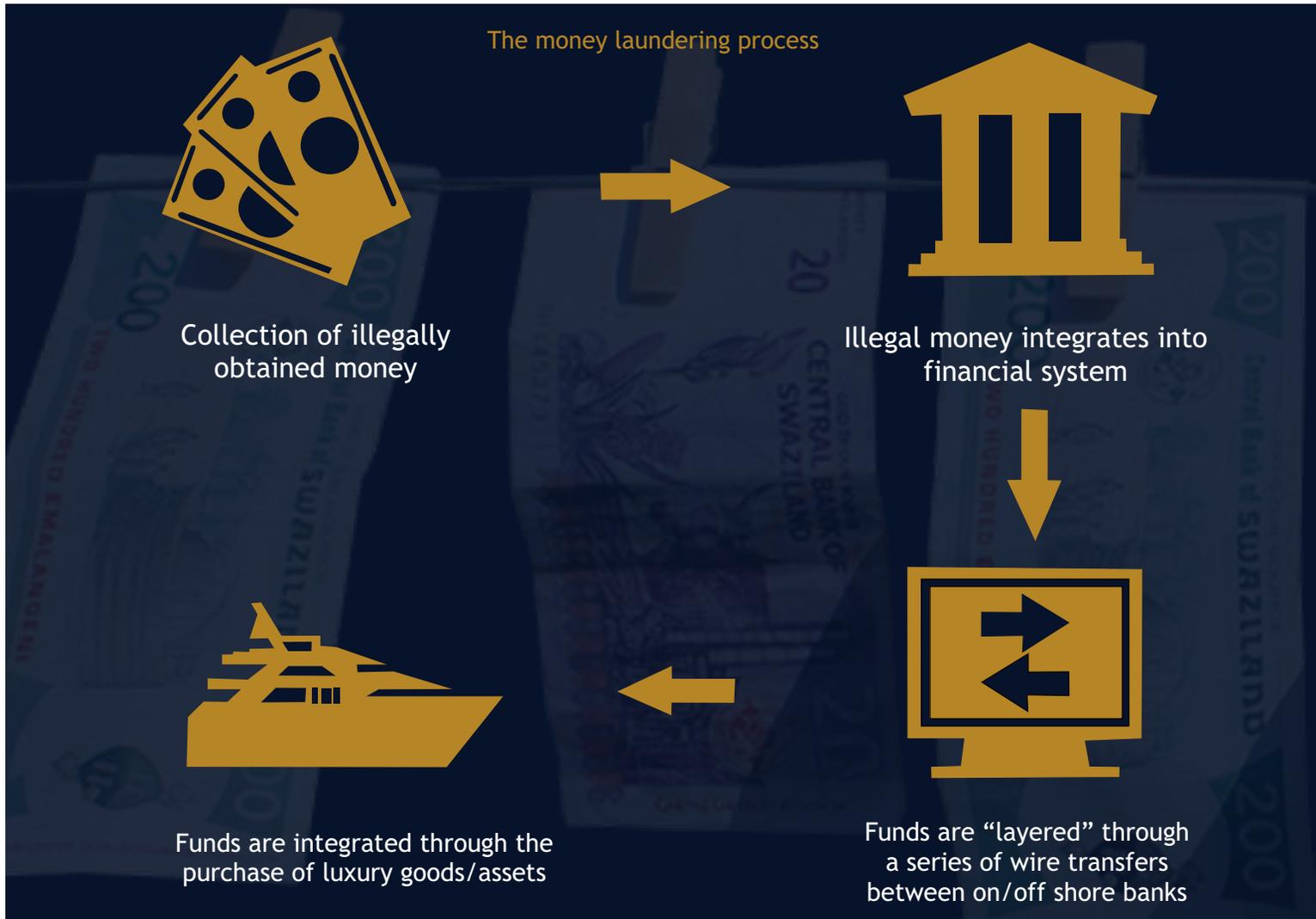


Perspective: Financial Markets



YOUR ROLE IN THE FIGHT AGAINST MONEY LAUNDERING

How illegal money integrates into a financial system



YOUR ROLE is to desist from underground dealings, buying or selling foreign currency in the black markets, accepting bribes from people, doing any shady businesses, drug trafficking and smuggling, theft, fraud, tax invasion and human trafficking.

Umntsholi is an in-house publication of the Central Bank of Swaziland. It is published twice a year by the corporate Communications Division in the Office of the Governor.

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GOVERNOR'S FOREWORD



Governor
Majozi V. Sithole

The year 2014 has been relatively a learning process for me, having joined the Central Bank in November 2013. I have had the opportunity to get to know more people and understand the Bank and its operations better. As a Central

Bank, we have had a remarkably good year; we have managed to embark on the preparation of the Financial Sector Strategy, with technical assistance from the IMF and the World Bank. This strategy is expected to facilitate intermediation and promote private sector development and inclusive growth. We have delivered monetary policy to maintain single digit inflation.

We continue to foster cooperation and monetary integration at regional level, by participating in the meetings in the Common Monetary Area (CMA), Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), Association of African Central Banks and Africa as a continent.

As we begin the year 2015, the Bank will be embarking on the new strategic plan 2015-2018, we will be consulting with members of staff in ensuring that they are part of this strategy and that members own the strategy as their roadmap in order to drive it forward.

I would like to congratulate staff members who have made an effort and played a role keeping this Bank at the exceptional level that it is at. I would also like to appreciate that even during trying times when the Bank is going through challenges of short staffing and general revisiting of internal structures, you have managed to show maturity, loyalty and professionalism in your work. I thank you for your hard work in ensuring that the Bank's objectives are achieved.

Welcome to yet another informative edition of Umntsholi, the official in-house newsletter of the Central Bank of Swaziland that allows us to keep abreast with activities and new developments that the Bank has undertaken.

As we begin the year 2015, I am reminded of the benefits and opportunities that the newsletter has availed to us as a Bank. Through this powerful communication tool, we are able to build loyalty, educate, share information, boost the Bank's credibility and stay in touch while ensuring consistency of in our key messages to stakeholders. If used well, the newsletter is a powerful tool to facilitate dialogue.

Having said this, I would like to appreciate the efforts of those who tirelessly contribute to this

FROM THE EDITOR

and other past editions of the newsletter and further encourage departments to continue taking part and contribute to share with stakeholders the momentous work that the Bank does.

In this issue, we bring you coverage of the International Monetary Fund's Executive Director of the Africa Group One Constituency, Momodou Bamba Saho, who for the first time visited the Swaziland. His visit coincidentally was followed by the training of local business and economic news journalists which was sponsored by the IMF and Central Bank and facilitated by the Thomas Reuters Foundation. We also brief you on the Governor's launch of the



Editor
Lindokuhle Nxumalo

April 2013-March 2014 Annual Report, do find time to download a full version of this report on our website www.centralbank.org.sz. From me and the editorial, we hope you have a good read.

Vision

“To be a proficient Central Bank in the Eastern and Southern African Region by 2022”

Mission

“To foster financial sector stability conducive to development in Swaziland”

Values

- Integrity
- Trust
- Respect
- Excellence
- Accountability
- Transparency

GOVERNOR REPORTS BACK TO STAKEHOLDERS ON 2013/14 ECONOMIC DEVELOPMENTS AND ACTIVITIES



The Governor of the Central Bank of Swaziland Mr. Majosi Sithole launched the April 2013-March 2014 Annual Report during a breakfast meeting at the Royal Swazi Sun Convention Centre on 24 September 2014 to report to stakeholders, the Bank's operations and activities. The annual report also covered economic developments during the financial year 2013/14.

In his speech, the Governor outlined the latest International Monetary Fund (IMF) latest World economic report which forecasts global growth to average 2.9 percent in 2013, below the 3.2 percent recorded in 2012. He mentioned that global activity strengthened in the second half of 2013 and is expected to improve further in 2014 to 2015, largely driven by advanced economies.

He further stated that in Sub-Saharan African economies grew by 4.9 percent in 2013, remaining at the same level recorded in 2012, saying that this growth was propelled by

strong growth in oil exporting and low income countries. He also mentioned that growth in these countries is expected to increase to around 5 ½ percent in 2014, benefiting from improved global and domestic conditions coupled with strong investment demand. In the context of Swaziland, the Governor explained that preliminary estimates for 2013 reflect that the Swazi economy performed relatively better than in 2012, saying that the recent estimates show that the real economy expanded by 2.8 percent in 2013 compared to a revised estimate of 1.9 percent in 2012. This increase, he explained, benefited mainly from improvements in the secondary, tertiary and manufacturing sectors. The Governor also touched on the country's decline in domestic inflation as a result of food prices which subsided to single digit levels, averaging 5.7 percent from 13.1 percent in 2013, mentioning that transport inflation also decreased significantly from 8.1 percent in 2012 to 2.4 percent in 2014 mainly due to "base effects" as administered fuel prices remained unadjusted for most part of 2013.

Sithole also reported that the Bank's monetary policy stance remained stable in 2013, allowing interest rates especially the cost of borrowing to be at low levels in an effort to spur economic growth, mentioning that as a result, there was a recovering demand for credit largely underpinned by improving economic activity and renewed confidence in the economy after the fiscal crisis in 2012.

For the full Annual Monetary Policy Statement 2014, download at www.centralbank.org.sz or contact the Corporate Communications Division at info@centralbank.org.sz or call (+268) 2408 2147/2408 2160.



SWAZILAND MAKING PROGRESS IN IMPROVING LIVES - IMF



International Monetary Fund (IMF) Executive Director of the Africa Group One Constituency, Momodou Bamba Saho for the first time, landed in the Kingdom of Swaziland in August 2014 to ascertain the progress Swaziland has made in improving the lives of its people.

The Executive Director accompanied by his Advisor, Central Bank's Felicia Dlamini-Kunene (now attached to the IMF) and Protocol Officer, Armstrong Dlamini, was welcomed by the Minister of Finance, Hon. Martin Dlamini; the Governor of the Central Bank of Swaziland, Majozi Sithole; and other senior government officials at a dinner held at Royal Swazi Hotel on the 28 August 2014.

University of Swaziland (UNISWA), through the Faculty of Social Science, brought together Economic Policy, Research and Statistics lecturers and students from the institution as well as other Economics from the Central Bank of Swaziland to an open lecture facilitated by Saho held in the institution.

The Executive Director applauded the University for hosting the Open Lecture; pointing out that university students are the leaders of tomorrow who will shape the destiny of Swaziland. The lecture shed light on the role of the IMF; why it is important in the global economy, Africa and

particularly Swaziland. Furthermore, he highlighted the Southern African economic situation alongside with progress Swaziland has made in advancing people's lives in recent years and its current challenges and opportunities.

The Executive Director also visited the Swaziland Sugar Association, Tex-ray Industrial Company, Matsapha Cash Centre and Royal Swaziland Sugar Corporation (RSSC). During his visit at Tex-ray Industrial Company, the Executive Director and his delegation were welcomed by the Financial Director, Alton Tsai, who gave a presentation on how the company had grown into being the largest employer in the textile industry over the past decade; boasting of over 4 500 employees. The Financial Director also



AFRICA GROUP ONE CONSTITUENCY EXECUTIVE DIRECTOR



explained in numbers, trade benefits of the African Growth and Opportunity Act (AGO) to the textile industry including the impact of its loss.

The Executive Director also had a chance to take a guided tour around the Central Bank Matsapha Cash Centre, led by General Manager - Currency, Mr. Edward, Mfanfikile Dlamini, together with other Central Bank officials before proceeding to the Royal Swaziland Sugar Corporation (RSSC). As the largest sugar producing company in the country, RSSC extended a warm welcome to the Executive Director who had a one-hour tour of the Sugar Mill; catching sight of the various stages of sugar production.

The RSSC tour ended with a comprehensive presentation of the company by Finance General Manager, Stephen Potta who drew attention to the company's remarkable financial performance, improvement of Swazi lives through provision of over 3 500 jobs, continuous community support through its Corporate Social Investment and other achievements such as the annual Simunye Fun fair bringing together thousands of people from inside and outside Swaziland. Potta raised short and long-term challenges in the sugar company, which were proceeded by a brief deliberation.

In the third day of his stay in the country, the Executive Director, toured Maguga dam; marveling at

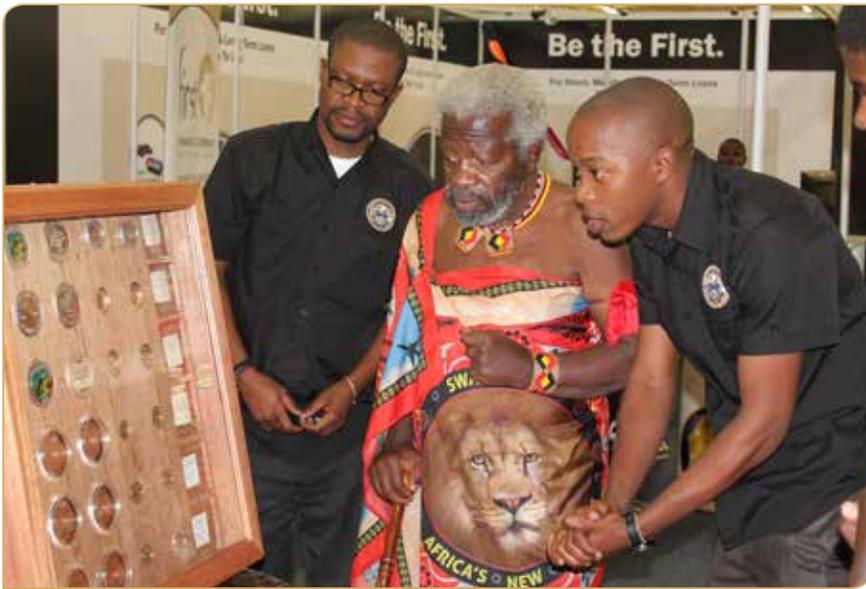


its scenic beauty harmonized by the mountainous landscape of the northern part of Swaziland. On the last day, the Director attended the Annual Reed Dance ceremony, where tens of thousands of maidens dropped their reed at Ludzidzini Royal Residence and danced at the Residence's main arena in celebration before His Majesty King Mswati III.

Africa Group One Constituency, headed by the Executive Director, is made up of countries such as Angola, Botswana, Burundi, Ethiopia, Gambia, Lesotho, Malawi, Liberia, Mozambique, Namibia, Nigeria, South Africa, South Sudan, Sudan, Swaziland, Uganda, Tanzania and Zimbabwe.



CBS @ TRADE FAIR - AUGUST 2014



A WARM WELCOME FOR NEWLY APPOINTED SARB GOVERNOR TO CMA GOVERNORS' MEETING



Governor of the Central Bank of Swaziland, Mr. Majosi Sithole welcomed newly appointed Governor of the South African Reserve Bank (SARB) Governor Lesetja Kganyago on his first attendance of the Common Monetary Area (CMA) Governors' meeting held at the Summerfield Hotel, Swaziland in November 2014. The CMA comprises of South Africa, Lesotho, Namibia, and Swaziland and links these countries into a monetary union.

The two day meeting was attended by Governors from the Bank of Namibia - represented by Ms Florette Nakusera, Dr Retselisitsoe Matlanyane, Governor of the Central Bank of Lesotho and officials from the CMA country Central Banks.

This meeting of CMA Governors followed a meeting held in Lusaka, Zambia in August where Governors deliberated on matters concerning the revision of the Multilateral Monetary Agreement (MMA). The MMA is the agreement that was signed by member countries of the CMA in 1992 and governs the CMA.

During this meeting and among other discussions,

Central Bank of Swaziland officials were given the floor to present to Governors feedback on the recent CMA Exchange Control Technical Committee meeting held in September. They reported on the review of the Exchange Control legal Framework, the streamlining of the Exchange Control rulings to remove outdated and duplicated rulings to ensure the effective administration of such exchange controls.

Other discussions that ensued during this meeting was the position of the CMA regarding the cross boarder electronic transfer of funds introduced by the United States of America Financial Crimes Enforcement Network, the CMA payment system update and financial inclusion of the unbanked and the under-banked to access and use a broad range of affordable, quality financial services and products.

Other officials from the CMA country central banks also presented on their recent country economic developments and discussions on these presentations by the Governors followed suit.

CENTRAL BANK / INTERNATIONAL MONE



Contributory Article by **BRENDON BOYLE**

Thomas Reuters Foundation

The Central Bank of Swaziland hosted a successful Economic Reporting Workshop for local finance and business reporters at the Royal Villas Hotel from the 11 to 12 September 2014. The workshop was funded by the International Monetary Fund (IMF) and facilitated by the Thomas Reuters Foundation.

A total of 18 reporters from the print, radio and television media spent the two intensive days in a classroom and declared unanimously at the end that they wished it had been longer. A majority of enthusiasts suggested in their course appraisals that the training should have continued at least for two weeks.

The Honourable Minister for Finance, Mr. Martin Dlamini opened the course on Thursday, September 11, and the Governor Majozi Sithole, closed it with a news conference on Friday evening, after which the journos were treated to a cocktail dinner, in closing. Melanie Cheary, who has presented nearly as many IMF workshops led the course with former Southern Africa bureau chief Brendan Boyle assisting to take

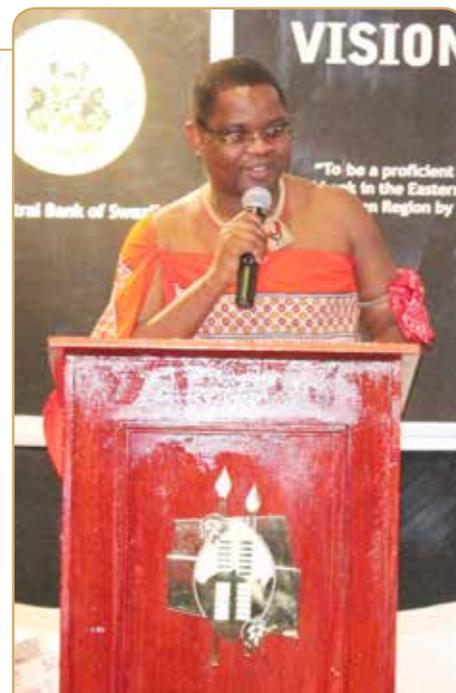
the group through the basics of economic theory and terminology - and some fairly detailed analysis of government revenue and debt.

With so much to cover in just two days, and working mostly in groups of four, the reporters tackled issues as diverse as ethics and economic cycles with noisy enthusiasm and some innovative ideas. A familiar exercise on the domestic impact of a failed Brazilian coffee crop produced a news diary big enough to launch a Swazi Coffee Gazette.

Swaziland depends for more than half of its revenue on a share of the import duties collected by South Africa on behalf of the five countries of the Southern African Customs Union - South Africa, Swaziland, Lesotho, Botswana and Namibia.

This means that the Central Bank and even the Finance Ministry have unusual constraints on the monetary and fiscal policies they can use to drive growth and to control inflation. Where South Africa goes they go with only limited room to manoeuvre.

TARY FUND LOCAL JOURNALIST TRAINING



Swaziland fell into a deep economic crisis in 2010-2011 when the SACU revenue plunged and the country had limited means to bolster revenue to cover the costs of government. It was clear at the workshop that reporters are still working to fully understand what happened then as well as the generally positive measures taken since to recover from that crisis.

With IMF economist Jiro Honda, Head of Washington-based IMF mission to Swaziland, present for the whole course, reporters had an opportunity to ask and debate questions about the role of the Bretton Woods institutions.

And in the closing news conference, where reporters tested their new analytical skills on the Central Bank Governor, Honda seized the opportunity to publicly appeal to the Swazi government to heed its advice on rebuilding its small economy after the havoc caused by the 2010-2011 crisis.

The contribution of the International Monetary Fund to present these two-day courses has been honed to a smooth and lean operation that continues to give scores of developing world journalists a valuable refresher on the skills needed to understand their national place in an ever more global economy.





End of the Year



Party from the Lens



PERFORMANCE MANAGEMENT

Perspective

“An effective and successful performance management system is a structure that will create performance culture in an organization.”



Patricia Magongo
Manager, Institutional Development Unit

Manager, Institutional Development Unit

Performance Management is based on the premise that if people know and understand what is expected of them and have participated in finalizing performance expectations, they will perform to meet their objectives. Performance Management is about planning and managing results and outputs of individuals, teams and organizations.

In definition, performance management is the process of motivating employees through setting goals, measuring progress, giving feedback, coaching for improved performance, and rewarding achievements. You can also define it as the process of identifying, measuring, managing and developing the performance of human resources in an organisation. It is a total quality management programme, which involves day-to-day management of staff, counselling, coaching and correction on the job.

Benefits of Performance Management

Performance Management provides an opportunity for managers to identify any hindrances to performance which can be addressed sooner rather than later, and for team members to get feedback on what they are doing well and where they require more focus to be on track for delivery of objectives agreed upon.

The unique contribution of teams and individuals towards achieving the Bank's goals are also identified through the performance management process. This is because the performance planning process links business goals, as derived from the organisation's planning processes at various levels to individuals that must execute actions to reach these goals.

An Individual will benefit from Performance Management through; recognition and reward for good performance, feedback, accurate performance

assessment, fair and objective performance review, clear direction (expectations), clarification of any misunderstanding (information), prioritization, training, development, resolving personal problems and emotional stress.

Effective Performance Management

An effective and successful performance management system is a structure that will create performance culture in an organization. It will also promote open communication between management and staff, assist employees to identify their own needs for improvement and development and standardize performance objectives and measures throughout the organization. The system will also identify areas requiring attention by reviewing current performance, and ensure that everyone in the organization focuses on the key strategic objectives while creating common ground for reviewing progress and providing a tool for management to diagnose causes for good and weak performance, hence assist employees to realize their full potential. Finally, it will provide feedback to identify training and development needs.

Power of Measuring Results

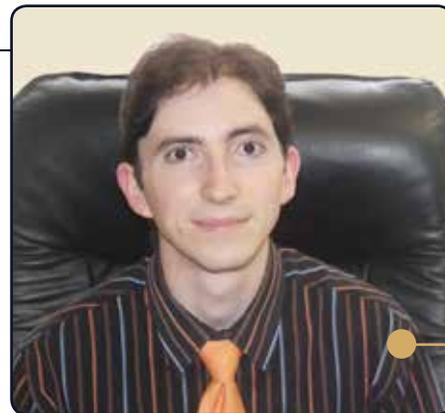
Osborne & Gaebler 1992 argue that:

- If you do not measure results, you cannot tell success from failure
- If you cannot see success, you cannot reward it
- If you cannot reward success, you are probably rewarding failure
- If you cannot see success, you cannot learn from it
- If you cannot recognize failure, you cannot correct it
- If you can demonstrate results, you can win public support.

FINANCIAL MARKETS

Perspective

“Financial Markets is a dynamic and stimulating environment that challenges one to be constantly learning. It is definitely worth knowing more about.”



Helder da Silva
Senior Dealer, Investment and Domestic Markets

Financial Markets is probably one of the least understood departments within the Central Bank of Swaziland (CBS). It can be very confusing to outsiders seeing the many systems with constantly flashing prices, the TV in the background, and why we aren't able to leave the office unattended. The department's key functions are managing the foreign exchange reserves portfolio and the management of domestic debt.

What are foreign exchange reserves? In simple terms, this is the total of the country's holdings of foreign exchange assets accumulated through exports, foreign investment and capital inflows, which are held in recognized "reserve currencies" including the dollar, euro, pound, rand and others. The Central Bank is the custodian of these reserves, which it manages on behalf of government.

The department is divided into three sections which each play a distinct role in the process of managing forex reserves:

The Front Office or Dealing Room is where all trades are initiated. This includes making payments in foreign currency on behalf of government and CBS, placing investments with counterparty banks, and conducting foreign exchange trades to fund accounts. The Front Office is responsible for setting and implementing the investment strategy which will enable the generation of returns, as the primary source of income of the bank. Financial markets are constantly changing and data releases can influence the movements of exchange rates and interest rates. This is why market analysis and research is critical. The information systems are crucial for dealers to be able to do their job and constantly keep abreast of all developments in real-time. The TV keeps us up-to-date with news

and market analysis. Investment decisions sometimes need to be made instantly as markets quickly adjust to news and re-price. The Front Office targets maximizing returns within the constraints set in the Investment Policy and Guidelines.

The Middle Office is the Risk and Compliance section; it is the "watchdog" of the department. This section ensures that all trades are in compliance with the set policies, and are also responsible for analyzing, measuring and managing the risks inherent to the department. The office establishes limits in terms of which counterparties the bank can trade with, how much exposure the bank can have to a particular counterparty, and the eligible instruments for investments. It is the responsibility of this office to produce the annual Strategic Asset Allocation that informs the management of the reserves portfolio. Their concern is that the forex reserves are invested such that the investment objectives of safety (preservation of capital) and liquidity (availability of funds) are met.

The Back Office or Settlements section is responsible for settling all trades. That is, sending instructions to ensure that funds are paid to or received at the correct accounts. The Back Office maintains all records, and is responsible for the accounting of all activities. This section is also responsible for conducting the auction of government securities (Treasury Bills and Bonds). There is a strict segregation of duties between the sections, such that no one can initiate and settle a trade.

Financial Markets is a dynamic and stimulating environment that challenges one to be constantly learning. It is definitely worth knowing more about.

FRAUD RISK MANAGEMENT - AWARENESS TO EMPLOYEES OF THE CENTRAL BANK OF SWAZILAND

Perspective

“Staff should know the different types of fraud that might occur within their work areas and be able to notice red-flags amongst peers, and report accordingly through the CBS Ethics Hotline.”



Eshmon Dlamini
Senior Risk Officer

What is Fraud?

The draft Central Bank of Swaziland (CBS) Policy on Fraud Risk Management describes fraud as “the use of deception by an individual with the intention of obtaining an advantage for oneself or for a third party or third parties, by avoiding an obligation, or causing loss to CBS” (*CBS Fraud Risk Management Policy*).

The following categories of fraud affect organizations, and CBS is no exception:

1. **Asset misappropriation:** This involves the theft or misuse of the entity’s assets which could be cash or non-cash assets. This is perpetrated by clerical staff that is hands-on on work processes.
2. **Fraudulent statements:** This is falsification of financial or non-financial statements in order to obtain undue benefit. It includes non-disclosure of pertinent information for stakeholder consumption. This is perpetrated by preparers and signatories of financial statements.
3. **Corruption:** This includes bribery, acceptance of kickbacks, conflict of interest, collusion and or improper use of confidential information.

(See draft CBS Fraud Risk Management Policy - Addendum 1 for examples).

Staff should know the different types of fraud that might occur within their work areas and be able to notice red-flags amongst peers, and report accordingly through the CBS Ethics Hotline.

Types of Businesses Affected by Fraud

Fraud affects a majority of entities, and no entity, profit or non-profit oriented, is immune to fraudulent acts. This is regardless of the nature, size or industry, as long as the organization has valuable property - fraud may occur.

It is for this reason that entities should put in place fraud policies backed-up by operational fraud prevention strategies. With a draft policy in place, the CBS is heading in that direction.

Why Commit Fraud?

All the different reasons given to commit fraud can be summed up in the three inter-linked factors:

1. **Motivation:** This is typically based on either greed or need. It could be desire to get “quick-fixes” which is merely greed. It could at times be based on genuine needs; however these do not justify fraudulent acts.
2. **Opportunity:** This occurs where there are weak internal controls, poor security over property, or lack of policies regarding acceptable behaviour. Many employees are swayed by opportunity, even trusted employees.
3. **Rationalization:** Many people rationalize fraudulent actions as: Necessary - especially when done for the business; Harmless - because the victim is large; or, justified - because “I was mistreated or underpaid”

This simply means that a fraudster will always have some kind of justification for committing fraud. This however does not mean fraud is right hence there is need to develop a sound ethical culture that denounces fraud.

Conclusion:

1. To avert fraudulent acts befalling its staff hence avoiding fraud, institutions should organize periodic counseling (awareness) sessions with specialists of financial advisers.
2. Business entities need to formulate fraud policies backed up by effective and efficient fraud prevention strategies and fraud response plans.

(For CBS, this is contained within the draft CBS Fraud Risk Management Policy).

SWAZILAND NATIONAL PAYMENTS SYSTEMS

Perspective

“As part of its endeavor to maintain financial stability and promote foreign direct investment, the Central Bank of Swaziland encourages the development of safe and efficient mechanisms for the exchange of money between transacting parties.”



Linda Khumalo
NPS Research and Analyst Officer

All financial eco-systems need a payment infrastructure that assures the secure, efficient execution and reconciliation of financial transactions. Payment systems exist to enable circulation and use of money, to ensure finality and irrevocability of settlements, and to enable identification, control, minimization and management of payment related risks.

As part of its endeavor to maintain financial stability and promote foreign direct investment, the Central Bank of Swaziland encourages the development of safe and efficient mechanisms for the exchange of money between transacting parties.

The Central Bank of Swaziland Order, 1974 (as Amendment) gives the Central Bank a mandate to promote, regulate and supervise the efficient and secure operation of payment systems. It further mandates the Bank to supervise clearing houses and other organised systems for making payments. The Bank, under the National Clearing and Settlement Systems Act, 2012 provides for the recognition, operation, regulation and supervision of systems for the clearing of transfer instructions between financial institutions. The National Payment Systems unit was introduced in 1999 and it took central responsibility and became the coordinating unit for all payment systems related functions of the Central Bank of Swaziland.

The Bank of International Settlements (BIS) defines a payment system as a set of instruments, banking procedures and interbank funds transfer systems that ensure the circulation of money. Wikipedia describes the payment system as the infrastructure (consisting of institutions, instruments, rules, procedures, standards, and technical means) established to effect the transfer of monetary value between parties discharging mutual obligations. A payment system therefore constitute of; the institutions providing payment services; the various forms of money/payment instruments, i.e. cash, cheques, electronic funds transfers (EFTs) etc.; the means of transferring money, including message instructions, and communication channels and

procedures involved; and the contractual relationships linking the parties concerned, e.g. system rules, Service Level Agreements etc.

Milestones for the Swaziland National Payment System:

- Automated Clearing House (ACH) established and cheque clearing automated 2001
- ACH EFT Payments Introduction 2004
- Swaziland Interbank Payment and Settlement System (SWIPSS) Introduction 2007
- Establishment of Oversight function
- Government Electronic Tax Collection and Government RTGS payments 2010
- Government EFT Payments and cheque limit cap at E500,000.00 2012
- National Clearing and Settlement Systems Act, 2012
- SADC Integrated Regional Electronic Settlement System (SIRESS) 2013

Swaziland has the following payment systems:

- SWIPSS, known as MASHESHISA, is the real time gross settlement system used for large value payments.
- Swaziland Automated Electronic Clearing House facilitates the clearing and processing of retail payments. Instruments cleared at the clearing house are paper based instruments (such as cheques) and Electronic Funds Transfers (both credit and debit).
- SIRESS facilitates electronic cross-border payments in the SADC region. This follows the banning of all paper based payment instruments within the region.

The payments system space is very dynamic. It has seen the introduction of mobile money and eWallet. Swaziland has not been left behind in these developments. The Central Bank has embraced payment products such as the Swaziland MTN Mobile Money and FNB's eWallet. Such products are accessible even to the unbanked population. The Central Bank, through the NPS is continuously monitoring trends in payment systems and products. The Bank also works with different stakeholders in ensuring that every citizen has access to financial products.

WORKSHOPS, MEETINGS AND TRAINING

International Monetary fund/World Bank (IMF/World Bank) Annual Meetings

The Central Bank of Swaziland Governor, Majozi Sithole accompanied by the EPRS General Manager, Dr. Bhadala Mamba were part of the Swazi Delegation that attended the 2014 IMF/World Bank Annual Meetings held in Washington DC from the 10th to 12th October 2014. The delegation attended several side-meetings that were held back-to-back with the Annual Meetings including a number of seminars and workshops such as the MEFMI Board of Governors' Meetings, which were also held in Washington from DC 6th to 7th October 2014, and the Commonwealth Governors' Meeting held on the 7th October 2014.

Fourteen Years of Inflation Targeting in South Africa and the Challenges of a Changing Mandate Conference

The above captioned conference was held at the South African Reserve Bank in Pretoria, South Africa from the 30th to 31st October 2014. Participants came from South Africa, private sector, Universities and CMA Member States. The Central Bank of Swaziland was represented by Mr. Samuel Dlamini together with Mr. Welcome Nxumalo both Economists in the EPRS Department.

During the conference the following presentations were made and discussed;

- Inflation targeting in Emerging Market: The Global Experience
- Inflation Targeting and Leaning Against the Wind.
- Emerging Economies: Development and Challenges.
- Targeting Core Inflation in Emerging Marketing Economies.
- Monetary Policy and Heterogeneous Inflation in South Africa.
- Inflation Targeting and the global Financial Crisis: Success and Challenges.
- Labour Market and Monetary Policy in South Africa.
- Currency Speculation, Capital Flows and Exchange Rate Volatility: South African Experience.

East3Route Investment Seminar 2014

The East3Route Investment Seminar 2014 was held on the 27th October 2014 at Inkosi Albert Luthuli International Convention Centre, Durban, Kwazulu Natal, South Africa. The seminar was attended by participants Mozambique, South Africa (Kwazulu Natal Province), and Swaziland. The Swazi delegation was by a host of over 50 professionals from different industries and the tourism sector. The Central bank of Swaziland was by Mr. Vusi B. Khumalo, Economist in the BOP Unit together with Ms. Novuyo C. Dube, Research Assistant in the Real Sector Unit both from the EPRS Department.

The purpose of this seminar was mainly to create dialogue between economic role players in the public and private sectors on investment opportunities and the climate of doing business across borders.

The Meetings of the 35th South African Customs Union (SACU) Commission

The 35th SACU Commission Meeting was preceded by the Meeting of the Finance and Audit Committee, and that of Senior Trade Officials which both took place on the 5th November 2014. The SACU Commission Meeting took place from the 6th to 7th November 2014.

In attendance were all Member States and the Swazi delegation was led by Mr. Jinnoh Nkhambule, Principal Secretary in the Ministry of Commerce, Industry and Trade, while Mr. J. C. Dlamini, EPRS Manager and Mr. Siphosikhosana, Economist both in the EPRS

Department, BOP Unit.

During these meetings a number of issues were discussed due to the non-convening of the SACU Commission meetings since September 2013.

The SACU Task Team on the Trade Data Reconciliation; the Special Meeting of SACU Finance and Audit Committee and the Special Meeting of the SACU Commission Meeting Reports

The above captioned meeting was held from the 10th to 11th Dec. 2014 at the Safari Hotels in Windhoek, Namibia. All SACU Member States were represented. The Swazi Delegation comprised of officials from Swaziland Revenue Authority, Ministry of Economic Planning and Development, and the Central Bank of Swaziland was represented by Mr. Bongani P. Dlamini.

The purpose of was to determine states shares from the Common Revenue Pool for 2015/16 and determine the surplus/deficit for 2013/14.

23rd Meeting of the Trade Negotiating Forum-Services

Mr. Vusi B. Khumalo, EPRS Economist, BOP Unit attended the 23rd Meeting of the Trade Negotiating Forum-Services which was held in Johannesburg, South Africa from the 9th to 12th December 2014. The Swazi Team had five representatives, each person was representing a specific sector and in this case Mr. Khumalo who represented the Central Bank of Swaziland was tasked with issues on Financial Services.

The meeting dealt with the following topics;

- Update of the status of Signature and Ratification of the Protocol on Trade In Services.
- Progress in the Negotiations Movements of Natural Persons (Mode 4).
- Studies on Construction and Energy-Related Services.
- Update on Technical Assistance Activities at National and Regional Level.

Common Monetary Area (CMA) Exchange Control Quarterly Meeting

The CMA Exchange Control Quarterly Meeting was held at the Reserve Bank of South Africa on the 27th November 2014. Representatives came from all CMA Member States. The Central Bank of Swaziland was represented by the General Manager Financial Regulations, Mr. M. T. Nkambule, Exchange Control Manager, Mrs. B. Gilbert and Senior Exchange Control Officer, Mr. M. T. Mthethwa.

Training: Workshops & Courses

Ms. Novuyo C. Dube from EPRS Real Sector Unit attended a National Development Strategy Validation Workshop held at Esibayeni Lodge from the 2nd to 3rd October 2014.

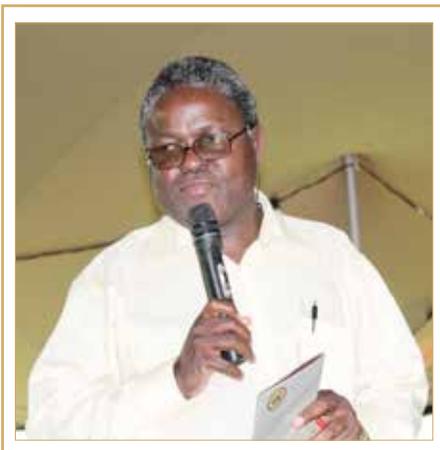
Mr. Themba A. Dlamini from EPRS Public Finance Unit attended a workshop on "Quantitative Methods & Analysis for Debt and Reserves Management, held at Happy Valley Hotel, Ezulwini from the 3rd to 14th November 2014.

Mr. Welcome Nxumalo from EPRS Department attended a course on "Macroeconomic Diagnosis" held at the SARB College in Pretoria, South Africa from the 4th to 15th November 2014.

Ms. Khetsiwe L. Dlamini from EPRS BOP Unit attended the Private Sector Programme Stakeholder Forum: Review and Validation Workshop which was hosted by UNDP at Sibane Hotel, Ezulwini on the 11th December 2014.

Ms. Lindokuhle Sithole attended the stakeholder engagement summit in September 2014 at the Hilton Hotel, Johannesburg.

People And Places



NEW STAFF APPOINTMENTS

01.07.2014

**NKOSINATHI DLAMINI**

Position: Vault Management
System Administrator
Division: ICT
Department: Operations

01.07.2014

**MAZWI MBATHA**

Position: Control Room Operator
Division: Security
Department: Corporate Services

01.07.2014

**HAPPINESS MATSEBULA**

Position: Security Guards
Division: Security
Department: Corporate Services

01.07.2014

**BONGANI M. DLAMINI**

Position: Security Shift Supervisor
Division: Security
Department: Corporate Services

01.07.2014

**EUGENE M. NGUBENI**

Position: Control Room Operator
Division: Security
Department: Corporate Services

01.07.2014

**SABELO MAVIMBELA**

Position: Control Room Operator
Division: Security
Department: Corporate Services

01.07.2014

**THABO KHOZA**

Position: Security Systems
Technician
Division: Security
Department: Corporate Services

01.07.2014

**ZAINAB MALINDZISA**

Position: Security Guard
Division: Security
Department: Corporate
Services

01.07.2014

**BONGANI MAHLELELA**

Position: Control Room Operator
Division: Security
Department: Corporate Services

01.10.2014

**MUSA MAGAGULA**

Position: Security Shift Supervisor
Division: Security
Department: Corporate Services

01.01.2015

**PHINDAMANDLA THWALA**

Position: Enforcement Officer
Division: Exchange Control
Department: Financial
Regulation

01.12.2014

**LUCKY MKHABELA**

Position: Bulk Teller
Division: Currency
Department: Operations

01.08.2014

**NONHLANHLA DLAMINI**

Position: Security Guard
Division: Security
Department: Corporate
Services

01.07.2014

**SIMANGA METHULA**

Position: Security Systems
Technician
Division: Security
Department: Corporate Services

01.10.2014

**MBONGISENI NKAMBULE**

Position: General Manager
Department: Financial
Regulation

01.09.2014

**SWEETNESS KUNENE**

Position: Security Guard
Division: Security
Department: Corporate
Services

01.08.2014

**ZAMA MAVUSO**

Position: Cook
Division: General Services
Department: Corporate
Services

01.08.2014

**BHEKI MOTSA**

Position: Manager
Division: General Services
Department: Corporate
Services

01.08.2014

**CHAZILE DLAMINI**

Position: Cook
Division: General Services
Department: Corporate
Services

01.08.2014

**GCINAPHI GAMEDZE**

Position: Cook
Division: General Services
Department: Corporate
Services

NEW STAFF APPOINTMENTS

<p>01.09.2014</p>  <p>MBUSO MTHETHWA Position: Maintenance Engineer Division: ICT Department: Operations</p>	<p>01.10.2014</p>  <p>ZAKHELE MASUKU Position: IT Graduate Trainee Division: ICT Department: Operations</p>	<p>01.10.2014</p>  <p>MDUDUZI MAGONGO Position: Senior Systems Analyst Division: ICT Department: Operations</p>
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STAFF MOVEMENTS AND RETIREMENTS

STAFF MOVEMENTS

No	Name	From	To
1	Thamsanqa Gama	Cook	Chef
2	Sindi Manyatsi	Cook	Chef
3	Alice Vilane	Security Guard	Currency Processor Operator
4	Phumelaphi Dlamini	IT Graduate Trainee	IT Technician

RETIREMENTS

No	Name	Department	Date
1	Phakamile Dlamini	Manager HR	30 th September 2014
2	Charles Dlamini	IT Technician	30 th September 2014

MEET THE 2014 - 2016 SPORTS CLUB COMMITTEE

The Central Bank of Swaziland recently welcomed their new Sports Club committee in August to take over and ensure that the business of the Club is conducted according to the constitution and that the interest of the membership is fulfilled.

According to this constitution, all Central Bank staff members automatically become members of the Sports Club on appointment with the Bank, and hence will every two years, elect a committee that will oversee operations of the Club.

The new members of the Club are as follows:

Chairman	-	Zama Dlamini,
Treasurer	-	Tekhaya Vilakati,
Secretary	-	Gcinekile Dladla,
Member	-	Zama Shongwe,
Member	-	Lindokuhle Sithole-Nxumalo

The new committee vowed to live by the principles of the constitution by promoting sporting and social activities among, and to the benefit of staff members of the Central Bank and their families. This they said, will be accompanied by the promotion and



encouragement of physical fitness amongst staff members, which forms the basis of the Club.

Some of the activities that the Committee is already working on is the participation of the Central Bank of Swaziland Sport Club at the upcoming InterCentral Bank Games to be held in Lesotho in April this year.

We welcome the Committee and wish them success in this exciting yet difficult task ahead of them.

WE GET PERSONAL WITH THE NEW SPORTS CLUB CHAIRMAN

- Zama Dlamini

What does this position mean to you as a person:

Being the chairman of the Sports Club Committee means that I am strategically placed to make a meaningful contribution towards the running of the sports club whose role is improving employee wellness through sports. The position further enables me to develop social interaction amongst the sport club's members. Personally it means helping me to develop my leadership skills as I work with different people in fulfilling the Clubs' objectives.

Where will you be taking Sports Club in the next two years?

My goal is that by the end of my term in office I will have come up with appropriate structures that foster smooth functioning of the Club as well as increase awareness amongst members about the benefits that accrue from being an active sports club member so as to encourage more participation in sports. I will also strive to deliver on the mandate given by members to fully utilise the Recreation hall facilities.

How do you plan to achieve this?

All the above can only be achieved through engagement with the appropriate stakeholders including the relevant management committees and staff and through coming up with innovative ideas to improve functioning of the club so that both the Bank and staff see value in the clubs' activities.

Word to Sports Club Members.

The main purpose of the sport club is to promote an active lifestyle of its members which will result in more improved health and good interrelationships between staff as we interact through sports which further play a significant role towards improving staff motivation and productivity. Hence, it is vital that we work together in ensuring an effective and efficiently run Sport club that fosters value addition in all its functions for the betterment of our wellbeing.

PUBLIC AWARENESS ON ADVANCE FEE PAYMENT SCAMS



The Central Bank of Swaziland has noted the increasing number of cases of advance fee payment scams popularly known as 419 scams operating in the country in violation of the law. Participating in these scams wilfully or otherwise is an offence in terms of the Financial Institutions Act.

In the 419 scam, people are lured into paying advance fees in false promise of a significant amount of money leading to loss of hard earned income. The 419 scam marketer or fraudster requires a small upfront payment to obtain access to the promised funds. When the victim makes the payment the fraudster either invents a series of further fees for the victim or simply disappears and moves on to the next victim.

Furthermore, the public is cautioned that such remittances do not conform to the Exchange Control Order and are therefore illegal.

The Central Bank of Swaziland would once again warn the public about the dangers of investing or participating in such scams. Furthermore, the Central Bank of Swaziland would also like to caution all promoters of this scam, including persons who attempt to recruit others anywhere in Swaziland, to desist from undertaking such practices immediately.

We also appeal to each and every law-abiding citizen of Swaziland to report such activity to the Central Bank of Swaziland, through the Ombudsman Office at 2 408 2000.

Any information received will be treated with the highest confidentiality.

REMEMBER: IF IT'S TOO GOOD TO BE TRUE, IT PROBABLY IS!!!!





For more information please contact:

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