



ANNUAL REPORT

2021/22

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Vice Chairperson



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Treasurer



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Board Member



Frances Fraser
Board Member



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Israel Noko
Board Member



Barend Opperman
Board Member



Mark Seymour
Board Member



Ockert Steenkamp
Board Member



Hennie Ferreira
CEO

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MicroFinance South Africa (MFSa) is a representative body of registered and legal Microfinance Credit Providers in South Africa.

MFSa represents approximately 1300 Microfinance offices registered with the National Credit Regulator and the majority of significant Service Providers in the Sector.

MFSa members subscribe to an Industry Code of Conduct which ensures and facilitates professional, legal and ethical conduct.



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Ensuring a sustainable Microfinance Industry



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CHAIRPERSON'S REPORT 2021/22



Greetings & Introductions

Warm greetings to our members, owners of this august organization (MFSA) – Micro-Finance South, distinguished who honored us with their presence, founder members of this association present, our supportive sponsors and service providers, visitors, potential members joining us virtually, executive team of MFSA led by our own Meneer Hennie Ferreira, management team of MFSA, my fellow vice chair Mariette Ischner present and Soffie Kleovoulou who cannot be with us today, fellow Board members.

End of term

This serves as the end of my second term as Chairperson. I am grateful for the support I received from my fellow Board members. An excellent working relationship with our CEO transformed my chairpersonship into more of joy than duty. I just can't be more blessed than I am now.

Elections

For the first in a long time, the previous AGM had more nominees than vacancies for Board positions. Voting by members had to take place. This year there are no elections. The message is clear and almost unanimous from our members. Namely, "we have confidence in the leadership"

Our main mission for 2022

Our focus for 2022 was on modernization of MFSA and succession of our CEO – Hennie Ferreira - who's term ends almost a year from now. Ending 30 September 2023. It means, as from 01 October next year MFSA shall have a new CEO replacing Hennie Ferreira. How did we handle these 2 tasks?

1. Modernization was done via MOI (Memorandum of Incorporation) as presented by head of it's Board sub-committee Ms. Frances Fraser. A word of appreciation for hard work and long hours by it's members – Soffie Kleovoulou, Israel Noko, Mark Seymour, Ockert Steenkamp and Hennie Ferreira.

2. Succession planning- the rise and fall of any organization, company, family, and government is determined by its process of handing over the baton to the next leadership and/or next generation. Given the seriousness of this task, the Board found it prudent to create a sub-committee under my chairpersonship, whose duty was to advise the Board on the process of replacing our CEO. I hereby want to thank my fellow committee members - Mariette Ischner, Soffie Kleovoulou, Niresh Gopichand and Ockert Steenkamp.

2.1 Process

The process included getting expert advice, consulting executive placement agencies, board discussions and stakeholder engagements.

2.2 Outcome

The end result was that the CEO be replaced by the most suitable candidate via a year long transition period. That period to be followed by availability of our current CEO on an advisory capacity. That candidate is our current General Manager: Leonie van Pletzen. I am allowed to now call her our "CEO in waiting". A special word of appreciation to the gentleman I succeeded as Chairperson, Mr. Ockert Steenkamp for the role he played in both committees; namely – modernization and CEO succession.

A handwritten signature in black ink, appearing to read 'P. Mphahlele', written in a cursive style.

Pakie Mphahlele
Director & Chairperson

CHAIRPERSON'S REPORT 2021/22



We all know the story about life giving you lemons... most people make lemonade, right? So, what do MFSA members do? They also make lemonade, but instead of drinking it, they sell it for profit!

I commend every MFSA member for still standing after many trials in the last couple of years. Some are not only standing but thriving! A thriving microfinance industry needs resilience, problem-solving, innovation, and a "take the bull by the horns" kind of attitude. You have done just that. Well done, members!

My next kudos must go to the MFSA Board and team. Firstly, thanks to my Chairperson Mr. Pakie Mphahlele, fellow Vice-Chairperson Mr. Soffie Kleovoulou and all Board Members for steering this MFSA ship in the right direction. I am humbled to be amongst such great leaders.

To Frances - I am deeply saddened by the fact that you are leaving us, and we don't have the words to thank you for what you have meant to this organization for the past ten years. You are a strong, dynamic, hard-working, discerning, and inspirational leader. We will miss you dearly, however, your time of rest is well-deserved. It is not goodbye, but until we connect again!

A fitting summary of what the office has achieved in the last year would be "Positive Modern Changes". They made the best of the lessons learned in crises and modernized processes, member outreaches, the website, PR strategies, and many more. All of these changes were for the better, which can be seen in our loyal membership base.

Hennie, you and your team, have excelled! Thank you for all the hard work. Leonie, congratulations on being identified as the best candidate to fill big shoes and move the Association forward into the future. Together, nothing can stop us!

Mariette Ischner
Director & Vice-Chairperson



As yet another year comes to a close, we all reflect on how this year played out. One thing that stands out though is that over the last two years we are all battle-hardened.

We have had to deal with covid, unprecedented riots, floods, and a new collection method being implemented namely Debi Check, but we have prevailed and our organization the MFSA has managed to modernize, innovate, and grow!!

For me, 2022 was a nurturing year where I saw our members regroup and come out stronger.

I would like to thank our chair Pakie Mphahlele my fellow vice-chair Mariette Ischner and the entire board for their loyal devotion to this organization.

To Hennie and your team, well done on all you have achieved this year. I commend you and your team for rising to these unprecedented challenges and delivering way above any of our expectations. You have a formidable team, and we are all proud of what you have achieved this year.

I wish you all well and remind you of our civic duties, where we need to ensure a balance between economic growth and the welfare of society and the environment.

Wishing you peace, love, and joy for the holiday season and throughout 2023.

Soffie Kleovoulou
Director & Vice-Chairperson

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CEO PERSPECTIVE

LET US DEFY HISTORY!

“The past is no predictor of the future” and at the same time we experience often that “people do not learn from history”

The pandemic did to us in a short and brutal moment that very few could imagine or predict. Our future has been put on a very different trajectory and we know we will be functioning in a different fashion going forward.

As a sector, we are deeply embedded in South African society. We are collectively challenged to take up our role as responsible corporate citizens and entrepreneurs of note.



As we approach the 27th birthday of MFSA we cannot escape the global events and change processes. Adjusting to a new dispensation forces us to recalibrate our sentiments towards the individual, humanity, and the natural environment.

Now more than ever ‘going at it alone’ can be fatal. The unified force of smart leaders, empowered staff and informed consumers will build an ecosystem in which benefits and opportunities are shared in a fair, equitable, and sustainable fashion.

Sustainability has become a golden thread that connects all aspects of modern life. Technology has reached new and amazing levels, but the center of our future is people. Our ability to, as people, collectively lead, position, innovate, behave and commit to a different future will determine our collective well-being.

MFSA members have the grit to make it work! That I have learned from history and can confidently predict. I thank and congratulate all who have been leading with integrity, wisdom, insight, care, and vision.

A handwritten signature in black ink, appearing to read 'H Ferreira', with a long, sweeping underline that extends to the right.

Hennie Ferreira
Chief Executive Officer



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MOI PROPOSED CHANGES 2022



In February 2022, the Board of Directors tasked a Committee to consider and propose updates to the MFSA's Memorandum of Incorporation (MOI). The need for modernization of the MOI after being in place for over a decade was evident given the time since its last review, the impact of COVID-19 on the ways of working, evolution in the short-term, unsecured credit industry, and the introduction of the Companies Act (No. 71 of 2008).

The Committee, chaired by Frances Fraser, also included Hennie Ferreira, Soffie Kleovoulou, Ockert Steenkamp, Israel Noko, and Mark Seymour. The Committee was provided with legal advice and assistance from SST Attorneys to ensure alignment with the Companies Act and best practices for non-profit companies in the industry.

The modus operandi of the committee involved detailed debate and consideration of proposed changes to ensure that any changes considered different perspectives, risks, and benefits. These iterations also involved regular feedback to the Board of Directors in each Board meeting. To enable sufficient time for detailed debate, a full-day workshop was held in addition to numerous other meetings over the past eight months.

The Committee was provided a formal Terms of Reference by the Board of Directors. After several iterations, the Committee proposed a range of updates. These were documented in the revised MOI with assistance from SST Attorneys and went through three iterations of review by the Committee and Board. The final document was unanimously accepted by the Board for proposal to members at the Annual General Meeting, scheduled for 20 October 2022.

The key changes relate to a more inclusive membership definition allowing for any legally compliant operators in the short-term, unsecured credit industry wanting to associate with the MFSA to seek membership. Members would be required to comply with a Code of Conduct and would be supported to meet the requirements and rehabilitate as needed with the assistance of a Membership Committee. Voting rights remain unchanged. The composition of the Board of Directors was updated to include two dedicated seats for service providers, nominated and elected by members.

The Board is made up of a total of 10-15 members as follows: two ex officio executive directors (employees), three co-opted Directors (that could bring needed skills, experience, or expertise in a specific field) who would be appointed annually by the Board as needed, eight credit providers (nominated and elected by members to serve two-year terms) and two service providers (nominated and elected by members to serve two-year terms). The appointment of office bearers remains unchanged with annual appointments by the Board. The MOI includes provision for an Executive Committee, Finance Committee, and Nominations Committee to support the smooth running of the company. Additional changes related to alignment with the Companies Act and enabling hybrid meetings and correspondence via email. The Board will seek the adoption of the MOI by members on 20 October 2022.

I hereby wish to express my profound gratitude to the members of the Committee, the Board, the staff as well as SST Attorneys for the considered work carried out to modernize the MOI.

A handwritten signature in black ink, appearing to read 'F. Fraser', with a long horizontal line extending to the right.

Frances Fraser
Director & MOI Committee Chairperson

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FINANCIAL REPORT 2021/22



The Financial Year ending 28 February 2022 was in line with the Board's expectations. Once again, the MFSA enjoyed ongoing support from loyal members and sponsors.

For the Association, 2021 was a very active year of lobbying and advocacy in different forums across the industry.

The Association started the process of the actuarial study for the Rates and Fees review, thank you to everyone that contributed to the expenses. The strategic fund continues to be managed rigorously, with the pledges and expenses for each case recorded separately. The Association's finances have been managed in a prudent manner, following strict controls and policies. The staff and management have focused on active fundraising for the contact sessions and the Annual Conference.

The sponsorships have been instrumental in avoiding excessive increases in membership fees and ensuring the financial sustainability of the Association. The Board of Directors express their gratitude to these sponsors and donors for the ongoing support.

Dorien Roose continued to provide exemplary service to the Association in her function as the accountant. Dorien has maintained a clean set of books, costs are controlled with due care and revenues are effectively collected. Another unqualified audit demonstrates that the Association has sufficient funds on hand to operate as a going concern for the foreseeable future and has well-maintained financial systems.

The MFSA's financial position remains healthy, given the ongoing strategy of maintaining a significant cash reserve in the event this is needed. Membership levels increased in 2021/22, from 1 261 to 1 303 at the end of February 2022. The Board and management of the Association would like to thank loyal members of the Association for your continued support – both in terms of on-time payment of membership fees and in the form of pro bono actions to address specific issues. The team continues the recruitment process for new members.



Niresch Gopichand
Director & Treasurer



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Operations 2021/22 Report



What a year it has been and as always our members have proven their resilience and persistence during this period. Just like the Spekboom, our members keep on achieving the unthinkable and keep on thriving in troubling times.

What was seen to be a challenging year proved to be a remarkable one in which the industry learned a lot and had to innovate in order to remain relevant.

During this year strength and durability were shown. The industry kept on changing although they were faced with numerous challenges, but contrary to the last couple of years this was seen as an opportunity and was accepted with both hands. What made the change was the fact the business owners and staff remained connected.

Connected and in the moment with a real focus on the sustainability of their businesses. Even though the majority of engagement took place digitally with the Association the connectedness was tremendous and that provided insight in order to think of new and innovative ideas. There was a clear realization that everything is connected to everything.

We look forward to the future and what 2023 will bring, more change and chances, a reason to think even more, and to move forward. Let's be optimistic about the future, remain connected, and be present.

Never EVER stop thinking and being involved in your business. True resilience and connectedness will be required in order to maintain a sustainable business. We look forward to what the future will hold...

A handwritten signature in black ink, appearing to read 'Leonie van Pletzen'.

Leonie van Pletzen
General Manager

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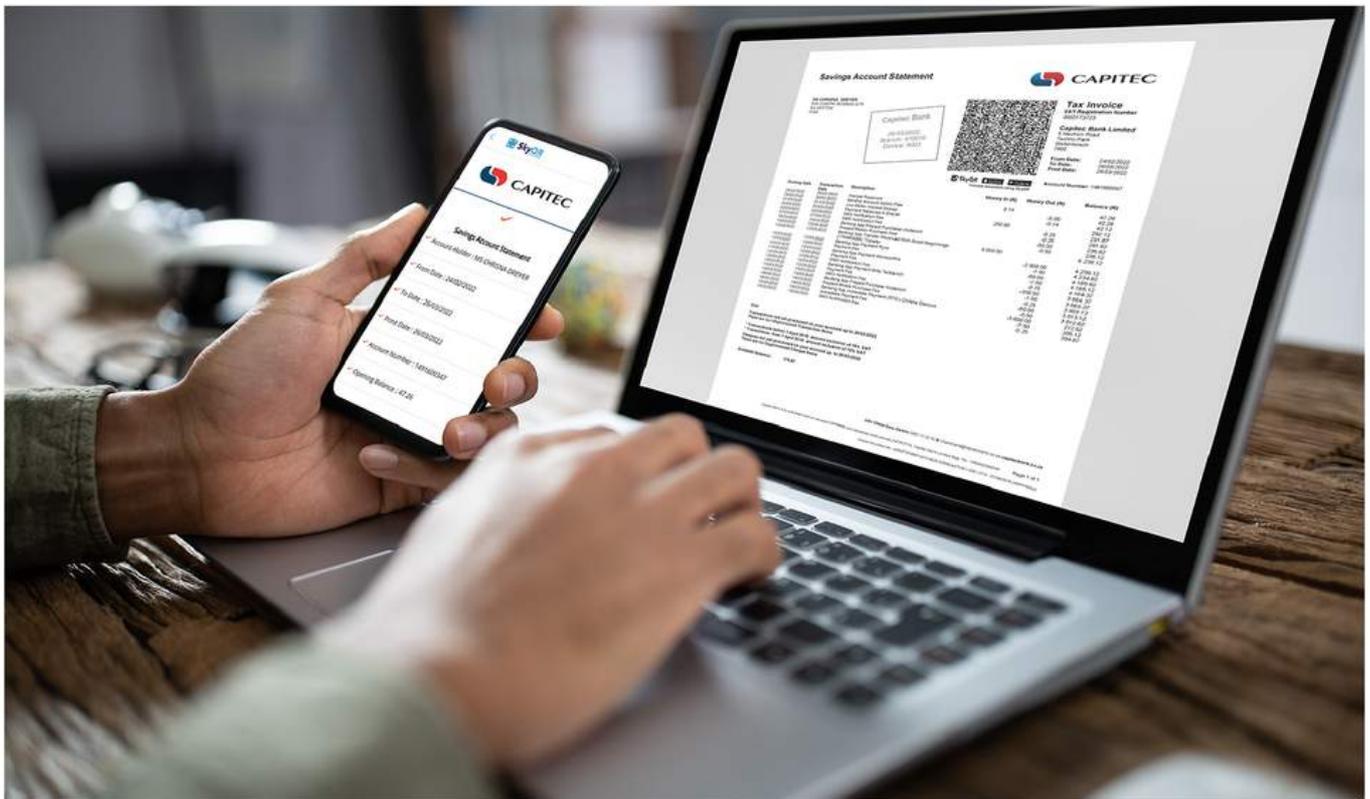
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