

# Bokamoso

On this Issue

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## Know Your Customer (KYC)



It is estimated that developing nations lose about \$2.02 trillion (BWP 23.3 trillion) each year due to illegally obtained funds which are generated from organized crimes like, kidnapping, land grabbing, drug trafficking, human trafficking, smuggling, corruption and tax evasion.

Once these funds are obtained, they have to be laundered which in simpler terms means turning dirty money (illegally obtained money) into clean money (money earned legally). Money laundering turns the state's ability to control finances over to criminals. If this money laundering is allowed to go on, it would encourage criminals to perpetrate more crime as the pay-off is extremely high.

### **But what does money laundering have to do with the economy of a country?**

Money laundering negatively affects the financial sector. Financial institutions (e.g. banks) are highly dependent on the flow of

money from the economy at large in order to continue functioning. As financial institutions are forced to rely highly on these ill-gotten funds (in order to avoid liquidity shortfall) this would then erode the integrity of these institutions in the eyes of the global financing organs and attract strict repercussions.

Money laundering has the effect of distorting the economic progress of a country as it allows for the allocation of resources to less productive sectors of the economy e.g. drug trafficking, terrorism financing. These illegal enterprises would then gain more power and influence over the general population and would advance the destruction of an economy.

As these finances would not be used in the real economy to fund the development of a nation, real jobs could become harder to come by and force individuals into joining these illegal enterprises in order to make a living.

**Continued on page 4**



## Editorial

Ogomoditse G. Letsholo  
**Debswana Pension Fund.**  
**Communication coordinator**

2022 marks 38 years of existence for Debswana Pension Fund. When we started this journey we had one vision in mind and that was to ensure that our Member's retirement plans are secure and achieved hence our slogan "Your Fund, Your Future, Your Security". The Fund has grown in leaps and bounds throughout the years and we are proud to announce that the Fund's assets have reached BWP 10 Billion.

Often we relegate our responsibility of monitoring our Pension Fund contributions to our employer and the Fund. By doing so, we are simply showcasing that we are not bothered by what takes place in our record. I would like to urge each and every one of us to be active participants in our retirement planning since the issue of non-payment of contributions by employers has become a major headache. We need to learn from cases experienced from neighbouring countries that this can happen to any one of us, we need to be active and vigilant players and not passive players waiting for return on investment without lifting a finger. More on this topic is covered on the article "Why it is important to monitor your Pension Fund Contributions" which gives more insight into some of the cases brought before the courts.

When planning disposal of one's estate, we need to remember that anyone who wants their estate to be transferred to one or more surviving loved ones after they pass away should consider establishing a formal estate plan. An estate plan may include a trust and/or a will. In this issue you will read more on the rights beneficiaries of a Trust ought to be aware they have lest they be taken for a ride with their benefits. The article "Beneficiaries' rights to information in a Trust" will shed more light on rights beneficiaries have in order to hold custodians of their Trusts accountable. We need to educate ourselves on matters that affect whatever we leave behind for our beneficiaries.

Preparing content for this issue was a pleasure and we hope you will learn as much as we did in compiling it. Topics such as "Importance of KYC" will shed more light on why organizations need to conduct KYC compliance exercises. If we are to fight money laundering we all need to play our role. Economies are suffering due to the impacts of money laundering and lack of controlling these criminal activities. The rewards of such criminal activities might be great to an individual but the consequences are felt by all.

We would never tire to hear from you, please contact our Administrator's Member Relations Officers in their respective constituencies (Gaborone – bmosimanyane@mmila.co.bw , Jwaneng – mthamage@mmila.co.bw Orapa – lmosigi@mmila.co.bw) or the Communication Department at info@mmila.co.bw should you need any detailed assistance.

## Board Movements

### 1. Mr. Christopher Mokgware – Other Participating Employers representative

Mr. Mokgware's term ended on the 31st December 2021. This follows a successful 2 term service on the DPF Board of Trustees. Mr. Mokgware was also the Chairperson of the DPF Board at the time his term ended. We thank him for his invaluable contribution and leadership and wish him well in all his endeavors.

### 2. Mr. Thabo Stephen Moepi – Jwaneng Constituency

Mr. Moepi joined the DPF Board of Trustees on the 5th November 2020. As of February 2022, Mr Moepi exited the DPF Board of Trustees. As a result, there is a vacancy in the Board for the Jwaneng Constituency. The elections have been set for the 26th April 2022. The successful candidate will be subjected to regulatory approval before joining the DPF Board of Trustees.

### 3. Ms. Matlhogonolo Mponang – Other Participating Employers representative

The Regulator, NBFIRA approved the appointment of Ms Mponang on the 19th January 2022. Ms Mponang brings along a wealth of knowledge and experience in the human resources field as she is an HR practitioner, her current role being the Head of Human Resources at De Beers Global Sightholder Sales. She has also been exposed to Board membership as she has served in various boards and continues to serve as a board member in some of these boards. The Board will benefit greatly from her experience and skill and is looking forward to her valuable contributions.

The Fund welcomes Ms Mponang to the Fund and wish her all the success in the execution of her fiduciary responsibilities.

The changes to the Board has resulted in changes in the Committee Membership. The table below is the current DPF Committee Membership;

	Benefits and Communications	Investment Committee	Nominations and Remuneration	Audit and Risk
Lynette Armstrong		X		X
Claire Busetti		X		X
Lapologang Letshwenyo	X	X		X
Potoko Bogopa	X		X	
Thabiso Moanakwena		X	X	X
China Abel	X			X
Matlhogonolo Mponang	X	X	X	

### Service request guide

#### Requesting Username and password

Members are advised to ensure that they have their username and password in order to access the Member portal. The Portal can be accessed through the mobile application of desktop computer.

Members need to ensure that the following are submitted when requesting to be set-up to access their records on the portal:

- Names in full
- Identity number
- Email address and
- Contact details

Members have the capability to reset their password should they forget it, one needs to remember their username in order to do this.

#### Pensioner Pay Slip

Pensioner members have access to their pension salary pay slips on the member portal and if one needs a hard copy they ought to send the following to the Administrator's Member Relations Officers:

- Names in full
- Identity number
- Contact details





## CEO Message

### Dear Members,

I trust that you are all keeping well and are fully immersed in 2022 as we are fast approaching the half year mark.

### Fund Performance

As you are all aware the Fund ended 2021 on a strong performance having reached a new milestone of Assets Under Management (AUM) of BWP 10 Billion. At the beginning of 2022, we were faced with market volatility largely driven by the Russia invasion on Ukraine, continued global shut downs emanating from Covid-19 outbreaks that have affected large economies such as China and have hampered global supply chains.

Meanwhile, central banks are hiking interest rates to contain high levels of inflation which threaten to derail the global economic recovery post COVID-19. On the back of this, the Fund's AUM has declined as global assets classes such as equities and bonds have sold off.

The first half of the year is expected to remain turbulent characterized by continued volatility and market uncertainties. Despite all of this, the Board of Trustees and Management remain optimistic that the Fund's AUM will recover as DPF's investment strategy remains robust and resilient against unexpected market shocks.

### Compliance Update

The Know Your Customer (KYC) project the Fund is undertaking to meet the requirements of the Financial Intelligence Act, is still ongoing despite having run over the set deadlines as a result of members who have not submitted the requested documentation. To date, there are in excess of 3500 members who are yet to comply and as a consequence, the Fund is looking to implement strict measures that may affect member's pension contributions or salary payouts. I therefore strongly request that if you have not complied, kindly do so.

Members are reminded that the Fund's failure

to comply with the Act could result in a penalty being levied against the Fund by the Regulator and ultimately trickling down to members bearing the cost of the penalty.

On the 26th April 2022, the Fund conducted Trustee elections in the Jwaneng constituency following the departure of the Member elected Trustee. The Board of Trustees and Fund Management would like to congratulate Mr Baintlafatsi Thomas on winning the elections. Mr Thomas will undergo Funds governance and Regulatory vetting before commencing his duties.

### Product Development

The Fund has recently introduced the 15 and 20 year guarantee annuity options. This product offering is immediately available to all Members who will be retiring. Upon retirement, the extended guarantee periods allow members with younger beneficiaries to secure a longer income period in the event of their demise. In addition, we are well on track with the development of the living annuity option that we aim to have available to members before the end of year.

I can never part without probing you on these two important matters, when last did you check your projection statement? And are you aware of your Net Replacement Ratio (NRR)? Members, it is important to actively be in charge of your retirement and know where you stand in order to take the necessary steps that will enable you to retire comfortably. The answers to the aforementioned questions can be found on the readily available and accessible member portal. The Member portal additionally enables Members to be able to view their monthly pension benefit statements and pickup any discrepancies.

Lastly, I would like to remind us all that Covid-19 is still here, and we have seen increases in Covid cases in the winter season. Therefore, as we are approaching winter let us take great care of ourselves. If you have not yet received your booster vaccine I encourage you to do so. Let's all remain safe and vigilant.

*As you are all aware the Fund ended 2021 on a strong performance having reached a new milestone of Assets Under Management (AUM) of BWP 10 Billion. At the beginning of 2022, we were faced with market volatility largely driven by the Russia invasion on Ukraine, continued global shut downs emanating from Covid-19 outbreaks that have affected large economies such as China and have hampered global supply chains.*

## Know Your Customer (KYC) cont'd



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This unmitigated plunder of a nation's economy if left unchecked, would have devastating effects on a nation's ability to develop its people, harness resources and develop the infrastructure to compete on a regional and global level.

### How is money laundered?

Money laundering follows multiple steps but these can be categorized as follows: placement, layering and integration. Placement is the first stage where money enters the financial system. It normally involves depositing small, undetectable deposits that would not trigger a report of the deposited amount. This process is a lot slower than the following 2 stages due to the multitude of small deposits required which is quite difficult to do.

Layering is when the launderers try to distance the illegally obtained funds from its source by employing multiple financially complex transactions. It is at this stage where speed increases due to the change in mode of transactions and illegal enterprises having access to global banking networks in more favorable jurisdictions making criminal prosecution more difficult.

These are usually termed "Offshore havens". Charging for none existing goods and services is most commonly used but in more complex transactions, misuse of financial derivatives and swaps could be another way. Integration in this final stage in money laundering, proceeds re-enter the real economy and they are normally used for the acquisition of land, real estate or property, luxury items or financial assets. This makes the wealth accrued seem most legitimate and criminal enterprises thrive as a result.

### What is the solution?

Through decades long investigations, the placement stage has been identified as the most vulnerable stage in a money laundering scheme. This is where these criminal organizations fabricate their source of funds in order to have multiple routes into the financial sector. At this stage, a financial institution would be required to collect as much information to verify the new account owner's existence in the real world as well as their exact source of funds.

This is known as a Know Your Customer (KYC) compliance step which is an internationally recognized standard for customer verification. It has become more modernized with the advent of block-chain based KYC systems being developed and internet based KYC compliance. It is vital to stopping illegal organizations from obtaining a foothold in a developing nation such as Botswana. In an effort to comply with Financial Intelligence Act and the Retirement Funds Act, Debswana Pension Fund, have taken steps to strengthen the KYC compliance measures as required by nipping the laundering at Placement stage. We hope that in so doing, the Fund's part in preventing terrorism and organized crime shall be realized.

### References

Wahaj, A. K., Jawaid, S. T., & Arif, I. (2018). Where does a nation's wealth go? evidence from a third world country. *Journal of Money Laundering Control*, 21(3), 426-476. Kargathara, V., Chavan, N., & Kadam, S. (2022). Blockchain based KYC system. *International Research Journal of Innovations in Engineering and Technology*, 6(1), 5-10. ONE (2014), "Trillion dollar scandal"



## Itse Modirisi wa ditlamelo tsa gago (KYC)

Go lekanyediwa gore mafatshe a tlabologang a lathegelwa ke diketekete tsa madi tse di tshwarang di milioneng tse di menaganeng ga raro ngwaga le ngwaga, tathegelo e e bakwa ke ditiro tsa bogodu, go thupiwa ga batho, go utswiwa ga lefatshe le tse dingwe di tshwana le thekiso ya ditagi le tshenyetso sechaba.

Madi a, fa a setse a le mo diateng tsa batho ba ba dirang ditiro tse di maswe tse, a tsenngwa motlhofo mo tirisong ya madi a lefatshe a feletse a lebega jaaka madi a a bonweng ka ditsela tse di molaong. Tiriso ya madi a e kgoreletsa bokgoni jwa puso go laola ditiro tse tsa bogodu. Ha tiro e ya go tlhatswa madi a a tseneng ka ditsela tse di siamang eka tswelela e diragala, go ka dira gore bao ba dirang ditiro tse ba nne pelokgale go tswelela ba dira bogodu jo ka dipoelo tse teng dile dikgolo.

### Madi a bogodu a ka dirang mo itsholelong ya lefatshe?

Madi a bogodu a nale ditlamorago tse di sa siamang mo go tsa merero ya madi. Dikompone tse di mo mohameng wa madi jaaka dibanka di ikaegile thata ka go dira sentle ga itsholelo gore di kgone go ka tswelela di dira sentle. Dikompone tse di mo mohameng wa madi di patelesega go ikaeega ka madi a a bonweng ka di tselo tse di siamang tse, se se nale bokgoni jwa go lesweletsa seriti sa dikompone tse ebile go ka ama ka ha dikompone tse di lejang ka teng ke dikompone tse dingwe mo lefatsheng.

Madi a bogodu a nale bokgoni jwa go kgoreletsa kgolo ya itsholelo ya lefatshe ka a letelele gore ditiro tse di sa siamang tsa bogodu jaaka go rekisa ditagi le botsouludi di gole. Ditiro tse tsa bogodu di ka nna le bokgoni jwa go reelele setshaba go dira ditiro tse tsa bogodu mo go ka feleletsang go bakile kwelo tlase ya itsholelo.

Madi a a itemogelwang mo ditirong tsa bogodu gole gantsi ga a sologe lefatshe molemo ebile ga a felele a thusa mo go tlabololeng lefatshe le ha ele go dira ditiro mme a ka dira gore batho ba feletse ba patelesega go dira ditiro tse tsa bogodu go itshetsa. Ditiro tse tsa bogodu le madi a a itemogelwang mo go tsone ha di ka seke di tsenngwe leitlho, dika paledisa mafatshe go tlabolola batho ba one le go tlabolola mehama e e farologaneng go tsisa ditshono mo setshabeng le go gaisana le mafatshe a mangwe.

### Madi e nna a bogodu jang?

Madi a bogodu a tsenngwa mo tirisong ka metlhale e farologaneng. Mengwe ya metlhale e ke go tsenya madi a bogodu mo tirisong, go fitlha motlhalo wa madi a bogodu le go dira gore madi a bogodu a lebege a bonwe ka ditsela tse di ka ha molaong.

**Go tsenngwa ga madi a bogodu mo tirisong** ke legato la ntlha le madi a a fitlhwang mo tirisong ya madi a lefatshe ka one. Legato le gantsi le dirwa ka gonna go tsenngwa bontlha bongwe jwa madi a

ka iketlo mo tirisong go itsa go tsibosa ba ba elang tlhoko ditiro tse. Legato le gantsi le dirwa go sa itlhaganelwa ka goabo go lekwa gore ba ba lebaganweng ke go tlhotlhomisa ditiro tse gore ba seka ba lemoga.

**Go fitlha motlhalo wa madi a bogodu** ke legato la bobedi le batho ba ditiro tse ba le dirisang go leka go fitlha ka ha madi a a bonweng ka teng. Mo legatong le go berekelwa mo nakong ka metlhale e e dirisiwang go fitlha madi a e farologane le legato la ntlha ebile go nale go dirisiwa ga maranyane. Mo legatong le go nna le tirisanyo le disinyi tse dingwe mo mafatsheng a sele ebo se se dira gore go nne thata gore disinyi tse di tseelwe dikgato.

**Ko madi a bogodu a fitlhiwang teng** go bidiwa "Offshore havens" ka puo ya seeng. Gantsi madi a kgona go fitlhwana ka go ntsha dipampiri tse dilwana tse gotweng di rekilwe mme di seo di sa rekwa.

Go fitlha ko madi a bogodu a feletseng teng ke legato la bofelo le disinyi tsa madi a bogodu di le dirisang, madi a tsenngwa mo tirisong ya lefatshe ka go reka lefatshe, matlo kgotsa dikago, dilwana tsa tlhathlwa le go beeletsa gore go lebege o kare madi a a bonwe ka ditsela tse di siamang se se dire gore tiro e ya bosinyi e tswelele ka bontsi bo batla dipoelo le bone.

### Tlharabololo ke eng?

Mo dipatlisisong tse di tseneletseng tse di dirilweng, legato la go tsenya madi a bogodu mo tirisong le lemogilwe e le legato le le bothokwa mo bosinying jo. Ke legato le disinyi di tswang ka metlhale e di ka dirang madi a bogodu ka one.

Mo sebakeng se, kompone e e dirang le tsa madi (banka) e tshwanelwa ke go batla tsotlhe tse di tlhokafalang go rurifatsa fa motho yo o batlang go nna modirisi wa ditlamelo tsa bone ele motho yo o seng mo ditirong tsa bosinyi le gore madi a gagwe ke a a bonweng ka ditsela tse di ka ha molaong. Go rurifatsa mo go bidiwa "Itsi badirisi ba ditlamelo tsa gago" (KYC), ke selo se se roteediwang go dirwa lefatshe ka bophara go rurifatsa badirisi ba ditlamelo tsa dikompone ka go farologana.

Go bothokwa go emisa dirukuthi go ka tsweledisa ditiro tsa bone mo mafatsheng a a tlabologang jaaka la Botswana. Molao wa dipenshene o tlama letlole la phenshene ya Debswana go itsi maloko a phenshene go itsa gore letlole le dirisiwe go tlhatswa madi a a bonweng ka ditsela tse id seng ka fa molaong.

**Ko madi a bogodu a fitlhiwang teng go bidiwa "Offshore havens" ka puo ya seeng. Gantsi madi a kgona go fitlhwana ka go ntsha dipampiri tse dilwana tse gotweng di rekilwe mme di seo di sa rekwa.**



## ESTATE PLANNING SERVICES

Mmila Fund Administrators has partnered with Thanke and Associates for the provision of Estate Planning Services to Mmila members. This solution entails the setting up of Trusts and drawing up of Wills, their registration, custody and safe-keeping.

### WHAT IS AN ESTATE?

An Estate, in common law, is the net worth of a person at any point in time alive or dead. It is the sum of a person's assets – legal rights, interests and entitlements to property of any kind – less all liabilities at that time.

### WHAT IS A WILL?

A Will is a legal document by which a person, the testator, expresses their wishes as to how their property is to be distributed at death, and sometimes appoints guardians for minor children of the deceased. It nominates one or more persons as beneficiaries, and the executor, to manage the estate until its final distribution.

### WHAT IS A TRUST?

One may choose to have a "Living Trust" or a "Testamentary Trust". A Living Trust is meant to benefit the chosen beneficiaries during the lifetime of the Founder / Settlor. A Testamentary Trust on the other hand is meant to start operation at the time of death of the Founder / Settlor upon the terms stipulated by the former.

### WHY PLAN YOUR ESTATE?

1. Minimize disputes at the time of death
2. Manage your assets: Beneficiaries, Property Division and Control on use of property
3. Appointment of guardians of minor children
4. Setting funeral arrangements
5. Tax reduction
6. Setting of power of attorney and functions of appointed person(s)
7. You can change the contents anytime and as many times as you wish whilst alive.

### SERVICE FEE

Will drafting and registration is at once off fee of **P2,100.00** for Active & Deferred Members, and **P1,875.00** for Pensioner members. Trusts are **P4,375.00**. Pensioners have an option of three-part payment through deduction from source.



**THANKE & ASSOCIATES**  
Attorneys, Notaries & Conveyancers



**Mmila Fund**  
Administrators  
Service Excellence Assured

### CONTACTS

(Gaborone) 311 4092 / 74 799 375

(Francistown) 241 6598 / 74 790 741

[estates@thanke.co.bw](mailto:estates@thanke.co.bw) | [enquiries@thanke.co.bw](mailto:enquiries@thanke.co.bw)

[admin@thanke.co.bw](mailto:admin@thanke.co.bw) | [info2@thanke.co.bw](mailto:info2@thanke.co.bw)



## Why it's important to monitor your Pension Fund deductions

A recent case to come before the Pension Funds Adjudicator (PFA) highlights the importance of making sure that the money deducted from your salary for retirement fund contributions is going where it is meant to be going. For this it's helpful to go back to Retirement Funds 101.

If you are a salaried employee, you are probably contributing to an employer-linked pension or provident fund. The fund may specifically serve your organisation or it may be an umbrella fund operated by a financial services company, which houses many employers under one "umbrella". There are essentially three parties involved: you, your employer and the retirement fund. (A fourth party, in the form of an administration company, appointed by the retirement fund, takes care of the day-to-day administration of the fund.) Your employer deducts your contribution from your remuneration and pays it over to the fund.

Most of the money goes towards your retirement savings, which builds up over your years with the company. A small portion (10% or so) goes towards an insurance premium that covers you for death or disability, known as group risk cover. While the premium is quite low compared with private life cover, the benefit can be substantial: the life benefit would be a lump sum of three or four times your annual salary, and the disability benefit would typically pay you 70-75% of your salary until retirement age.

Finally, the fund takes an administration fee, which may be in the region of 2.5%. For the system to work properly, each party has certain obligations:

1. **You** - as a fund member, You need to ensure that your contributions are being deducted and are going to the fund. You need to ensure that the group risk cover is in place and to monitor your savings balance in the fund.
2. **Your employer** - must ensure that the full contribution amount is paid over each month to the fund. If the fund doesn't receive the money, not only will it affect your retirement savings, but importantly, it will affect your group risk cover. If the insurer providing the cover does not receive the premiums, you lose your cover, just as you would on a personal insurance policy.
3. **Pension/Retirement Fund** - The retirement fund must ensure that the contributions are received from the employer and the money is allocated correctly. It is also obliged to communicate regularly with you on the state of your savings and your risk cover.

The most common thing to go wrong along the chain is that the employer deducts the amount from your salary, but owing either to

pure negligence or to a cash-flow problem, does not forward the money to the fund. As an employee, you wouldn't immediately know this, because you would still see the deduction on your salary slip each month. It's only if you received a statement from the fund itself, and studied it closely, that you would realise something was wrong. In instances where employers fall into arrears in paying over their employees' contributions, funds are required to take steps to get the money and to report the employer to the Registrar of Pension Funds and, ultimately, to the Attorney-General. The fund is also obliged to report the non-payment of contributions to the affected members.

### PFA determination

The issue of non-payment of contributions by employers has become a major headache for the Pension Fund Adjudicator, Muvhango Lukhaimane, as she explains further on. The case to come before her was, in fact, two separate cases, but they involved a single employer, the Maluti-A-Phofung Municipality (a municipality in the Free State), and a single family: a father, mother and their two children, a brother and sister. Both parents worked for the municipality and both died in service within months of each other: the mother died on January 1, 2018 and the father died on September 14 of the same year.

They had been working at the municipality for some years, though the determinations give only the date they registered as retirement fund members, which was September 1, 2012. The municipality originally had its own pension and provident funds, but in March 2014 these were incorporated into the Sanlam Pension and Provident Umbrella Funds. In June 2017, for some reason, the municipality stopped paying the contributions of its employees into the Sanlam funds. The funds lodged complaints with the PFA on February 26, 2018 and decided to terminate the municipality's participation backdated to October 1, 2017.

The funds informed the employer and members that the group risk benefits were no longer in force and that, should a claim arise during the period of non-payment, the claim would not be paid out. It was made clear that members and their dependants would have to approach the employer to recover any damages suffered as a result of the employer's failure to pay over the contributions. The municipality succeeded in not having its participation terminated and two months later it cleared the arrears and resumed paying contributions. However, it was unable to resume the group risk cover, which had lapsed in October 2017.

Full Report: <https://www.persfin.co.za/personal-finance/retirement/why-its-important-to-monitor-your-pension-fund-deductions-8348e0ab-98bc-4a27-a86f-fa58b899a3c3>

Personal Finance | 7 March 2022

**NEW!**



## **Introducing the 15 & 20 Year Guarantee Annuity Options**

We are happy to announce our new annuity offering options that endeavour to provide our Members access to the right solutions upon retirement.

The extended annuity options, give our pensioners peace of mind knowing that their beneficiaries will be taken care of.

To find out more about the Fund's annuity options, contact Mmila Fund Administrators on [Mmila@info.co.bw](mailto:Mmila@info.co.bw) or call on **3956966**.





# **BILLION**

**IN 1984, WE PLANTED A SEED.**

*38 years later, it shelters the investment interests of 12,468 Batswana, growing us into the number one private fund in Botswana with an Assets Under Management (AUM) value of P10 Billion as at 31<sup>st</sup> December 2021.*



**DPF**  
DEBSWANA · PENSION · FUND



## Oil prices and the effects on Markets



The price of oil has always seemingly had an impact on Global Markets. Markets generally have viewed increases in oil prices to forecast lower expected economic growth, higher inflation expectations and consequently decreased economic growth prospects, lower companies' earnings expectations, and increased market volatility. In the last six years, fuel prices in Botswana have increased by approximately 55 percent, causing increased pressures to consumers.

The current Russia & Ukraine conflict has caused oil to surge past USD 100 a barrel for the first time since 2014. Russia's, one of world's largest oil producers and the world's second-largest producer of natural gas, invasion on Ukraine is expected to have major ramifications for global energy markets. Russia has been heavily sanctioned by the United States and over 30 countries that include Canada, France, Germany, Italy, Japan, and the United Kingdom.

Although there are currently no plans to target Russia's energy sector with sanctions, there are fears that sanctions could materialize. Russia's exclusion from the global ecosystem will certainly have an impact on energy prices going forward. This article will look to assess what factors determine global oil prices and secondly the paper will determine if there really is a correlation between oil prices and the stock market.

### Factors affecting global oil prices

The major determinants of oil prices are Supply and Demand and Market sentiment. Supply and Demand dynamics are the main drivers of oil prices; increased global growth results in increase demand for energy. Energy is a major input for transportation of goods and materials from producers to consumers; furthermore, nations rely heavily on petroleum fuels for heating, cooking, or generating electricity. Petroleum products made from crude oil and other hydrocarbon liquids account for about a third of total world energy consumption

Furthermore, the price of oil is affected by cartels such as OPEC (The Organization of the Petroleum Exporting Countries). A cartel in economics is a formal agreement among firms in an industry with a small number of firms. Cartel members may agree on such matters as prices and total industry output. OPEC includes countries with some of the world's largest oil reserves; in 2020, OPEC members controlled about 71 percent of total world proved crude oil reserves. OPEC has

an influence on world oil supplies and prices by setting production targets for its members.

Market sentiment and outlook for oil prices also play a crucial role in oil prices. Market sentiment may be based on a number of factors that included but not limited to Geo-Political events (such Russia & Ukraine), weather disruptions, and operational and infrastructure challenges at oil refineries.

### Oil prices & the stock market

General sentiment has largely been that increased oil prices have a direct and negative impact on markets. Increased inputs costs such as oil result in consumers having lower disposable income and therefore spending less and ultimately these results in lower corporate earnings for business. From a business perspective, increased costs result in lower profit margins and increasing the prices to adjust increase inputs costs will result in reduced competitiveness and potentially lower sales. Reduced economic activity due to high inputs costs such as oil would result in a negative outlook for the market, which could result in market volatility. Studies by the Federal Reserve Bank of Cleveland (United States) indicated that there is little correlation between oil prices and stock markets.

Their Federal Reserve Bank's study did not fully prove that the price of oil has a very limited impact on stock market prices but it does suggest that investors cannot really predict the way markets react to changing oil prices. One of the major reasons rising oil prices have limited impact on the stock market is due to the fact that there several other factors in the economy that will move markets prices and they includes wages, interest rates, price of industrial metals and plastic, computer technology; future corporate earnings forecasts, intrinsic values, investor risk tolerances and a large number of other factors.

The various aforementioned factors can offset rising oil prices. Corporations have also become sophisticated at dissecting the outlook in oil markets and have been able to plan and change their operating processes to minimize the impact of rising input costs. Lastly, Monetary and Fiscal policy stances by Central Banks and governments have a far much larger impact on stock markets than oil prices.



## Five money lessons we can learn from the Tinder Swindler

The Tinder Swindler, a Netflix true-crime documentary that currently has both the online and offline world ablaze, details the story of an internet conman who constructs a tightly wound web of lies around him, with the aim of swindling his romantic interests out of hundreds of thousands of dollars. While the storyline touches on many poignant issues (such as relationship gaslighting, as well as the legal gaps and grey areas that exist when it comes to policing online activity), there are a number of very important financial lessons it draws into sharp focus, and that we should all heed, says Litha Maqungo, social media and communication lead at Metropolitan GetUp. Maqungo shares five money lessons we can learn from the Tinder Swindler.

### **Don't take on debt for anyone else (and think twice before taking it on for yourself)**

A big red flag that the documentary raises is the danger of taking on debt for someone else. "There are very few circumstances that would justify taking out a loan, especially one that runs into thousands of rand, in order to assist someone else," says Maqungo. While you may want to help someone in financial need, there are various other avenues that you can point them to, which are far preferable to you sinking into debt you may not be able to afford.

"They could consider consulting a financial adviser, who will help them draw up a plan to tackle their money issues or achieve their objectives. And don't be swayed by promises of prompt repayment – if that is the case, they should have no issue taking out their own loan and keeping to the repayment schedule! The same goes for signing surety for someone else's loan. Simply don't do it, says Maqungo. "If, for any reason, they cannot repay the loan, it will become your responsibility.

Defaults on repayments may also impact your credit record and it can take years to clear your name." Apply these same rules to your own life, and learn the difference between good and bad debt, suggests Maqungo. 'Good debt' is something that helps you increase wealth or better your financial situation over time – like a study loan – while bad debt involves borrowing money for consumption purposes or to purchase assets that will soon decrease in value. "You want to avoid the bad kind," advises Maqungo.

### **Keep your finances separate in the early stages of a relationship**

Relationships are complicated, and money adds another layer of complexity. "When entering a new relationship, it is advisable that you keep your finances separate until you share a long-term commitment with someone, and then you can reconsider, she says. "Retain your own 5 bank account and keep a close eye on your income and expenses, encouraging your partner to do the same. That is not to say that you can't treat them to dinner or enjoy a luxurious bottle of perfume or

cologne which they gifted you, but relationships become far more complicated when two people's finances intertwine."

If and when you do decide to marry, many couples still prefer to keep their finances separate, says Maqungo. "There is no one-size-fits-all approach; it's important to have regular and open conversations with each other about money and do what works best for you. Don't lose touch with managing your money, you should always be in the know and happy to take on the leading role in your own financial life."

### **Have a rainy day fund**

Sometimes, regardless of our best intentions and planning, we encounter a financial setback. "At times like these, it is important to have a buffer to tide you over and to mitigate the worst of the financial blow," she says. Maqungo suggests putting away a little into a rainy day fund every month. "Plus, you will benefit from the power of compound interest; which is when you earn interest on top of your interest," she explains.

### **Do not make big financial decisions under pressure**

Don't let anyone pressure you into making a financial decision that makes you uncomfortable, or before you're ready, says Maqungo. In the documentary, we saw the con artist's victims uncomfortable with being asked to lend him money, but forged ahead anyway when placed under pressure. "Trust your intuition, says Maqungo. "Rather take a little longer and do the due diligence that will make you feel comfortable and assured, before making a costly financial decision that you may regret down the line."

Take responsibility for your money and get into the driving seat of your finances. Finally, if you slip up, take ownership of your mistakes and course-correct. We saw how the Tinder Swindler's victims set out to tackle the debt they had incurred on his behalf, instead of simply bemoaning their fate and potentially sinking into deeper financial trouble. "While the scammer is certainly not absolved of blame, I found it admirable how his victims, for the most part, realised that they could only rely on themselves to fix their financial situations, and set out to do just that.

"Ultimately, we are human and likely to make errors in judgment as we learn more about ourselves and our finances. Through becoming active participants in our own lives and getting into the driving seat of our finances, we have far better control of a positive outcome."

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## Social Rules



Human beings need norms to guide and direct their behavior, to provide order and predictability in social relationships and to make sense of and understanding of each other's actions. These are some of the reasons why most people, most of the time, conform to social norms.

1. Don't call someone more than twice continuously. If they don't pick up your call, presume they have something important to attend to; You may try calling again after about an hour or more;
2. Return money that you have borrowed even before the person that borrowed you remembers or ask for it. It shows your integrity and character. Same goes with umbrellas, pens and lunch boxes;
3. Never order the expensive dish on the menu when someone is giving you a lunch/dinner.
4. Don't ask awkward questions like 'Oh so you aren't married yet?' Or 'Don't you have kids' or 'Why didn't you buy a house?' Or why don't you buy a car? For God's sake it isn't your problem;
5. Always open the door for the person coming behind you. It doesn't matter if it is a guy or a girl, senior or junior. You don't grow small by treating someone well in public;
6. If you take a taxi with a friend and he/she pays now, try paying next time;
7. Respect different shades of opinions. Remember what's 6 to you will appear 9 to someone facing you. Besides, second opinion is good for an alternative;
8. Never interrupt people talking. Allow them to pour it out. As they say, hear them all and filter them all;
9. If you tease someone, and they don't seem to enjoy it, stop it and never do it again. It encourages one to do more and it shows how appreciative you're;
10. If you hear news about someone you know, whether good or bad, if they haven't shared with you, do not probe, they will share when the time is right or when they feel like you deserve to know.
11. Praise publicly. Criticize privately;
12. There's almost never a reason to comment on someone's weight. Just say, "You look fantastic." If they want to talk about losing weight, they will;
13. When someone shows you a photo on their phone, don't swipe left or right. You never know what's next;
14. If a colleague tells you they have a doctor's appointment, don't ask what it's for, just say "I hope you're okay". Don't put them in the uncomfortable position of having to tell you their personal illness. If they want you to know, they'll do so without your inquisitiveness;
15. Treat the cleaner with the same respect as the CEO. Nobody is impressed at how rude you can treat someone below you but people will notice if you treat them with respect;
16. If a person is speaking directly to you, staring at your phone is rude;
17. Never give advice until you're asked;
18. When meeting someone after a long time, unless they want to talk about it, don't ask them their age and salary, even what they do for a living;
19. Mind your business unless anything involves you directly - just stay out of it;
20. Remove your sunglasses if you are talking to anyone in the street. It is a sign of respect. More so, eye contact is as important as your speech; and
21. Never talk about your riches in the midst of the poor. Similarly, don't talk about your children in the midst of the barren.
22. After reading a good message try to say "Thanks for the message";
23. The three forever winning words/phrases; "Please", "Thank You" and "Welcome".

**APPRECIATION remains the easiest way of getting what you don't have.**



# Member Portal



When last did you access your Pension Fund record using the Member Portal?

Did you know that you may access the Member Portal through:

## Mobile App

- Android phones – download from Play Store
- IOS Phones – download from App Store

## Computer

- Link <https://portal.mmila.co.bw>

Functions available on the Member portal are but limited to:

- Membership Record – be able to view your current membership record and update your contact details from time to time.
- Fund Balance – view your fund balance and Pension contribution history as received from your employer or stop order instruction from members' banking account (deferred members making individual contributions)
- Membership certificate – view and print membership certificate if you need one
- Benefit Statement – view and print current year rolling benefit statement
- Pensioner Pay Slip – view and print Pensioner Pay Slip

For your username and password send a request to [portal\\_quiries@mmila.co.bw](mailto:portal_quiries@mmila.co.bw)

To find out more on Member Portal accessibility contact Member Relations Officer in your area:

- Gaborone – 267 3735267 [bmosimanyane@mmila.co.bw](mailto:bmosimanyane@mmila.co.bw)
- Orapa Constituency – 267 2902323

[mmila.co.bw](http://mmila.co.bw)

