



MONETARY POLICY

The Bank has taken note of the excellent contributions from the business community, bankers, the academia, the media and members of the public on the need to establish an inter-bank foreign exchange market to formalise the selling and buying of USDs through banks and bureau de change. This is essential in order to bring sanity in the foreign currency market whilst at the same time promoting exports, diaspora remittances and investments for the good of our national economy.

The Bank considered the implications – accounting, financial, economic, legal and social – that are embedded in the establishment of an inter-bank forex market within the context of the current national payment systems made up of RTGS, mobile payment platforms, point of sale (POS), bond notes and coins.

After taking account of the implications and putting in place safeguards to maintain stability in the fares market, the Bank is, with immediate effect, establishing an inter-bank foreign exchange market in Zimbabwe to formalise the trading of RTGS balances and bond notes with USSs and other currencies on it willing-buyer willing-seller basis through banks and bureaux de change under the following framework:

i. Denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the current monetary balances and foreign currency. The RTGS dollars thus become part of the multi-currency system in Zimbabwe. The legal instrument to give effect to this has been prepared.

ii. The RTGS dollars shall be used by all entities (including government) and individuals in Zimbabwe for the purposes of pricing of goods a. services. record debts, accounting and settlement of domestic transactions.

iii. The use of RIGS dollars for domestic transactions will eliminate the existence of the multi-pricing system and charging of goods and services in foreign currency within the domestic economy. In this regard, prices should remain at their current levels and or to start to decline in sympathy with the stability in the exchange rate given that the current monetary balances have not be. changed. In this respect, the RBZ will commit all its efforts to use the instruments at its disposal to maintain stability of the exchange rate.

iv. The Bank has arranged sufficient lines of credit to enable it to maintain adequate foreign currency to underpin the exchange market. This is essential to restore the purchasing power of RTGS balances through safeguarding price stability emanating from the pass-through effects of exchange rate movements.

v. Foreign currency from the inter-bank market shall be utilised for current bonafide foreign payment invoices except for education fees.

vi. All foreign liabilities or legacy debts due to suppliers and service providers such as the International Air Transport Association (IATA), declared dividends, etc shall be treated separately after registering such transactions with sufficient information that will allow it to determine the roadmap for orderly expunging the legacy debt.

vii. Foreign currency requirements for Government expenditure and other essential commodities that include, fuel, cooking oil, electricity, medicines and water chemicals shall continue to be made available through the existing letters of credit facilities and/or the Foreign Exchange Allocations Committee.

viii. Banks shall report activities of the inter-bank foreign currency market to the Bank that shall closely monitor the foreign currency trades on a daily basis using the form and format stipulated by the Bank.

ix. Bureaux de change shall be authorised to purchase foreign currency without limits but shall be limited to sell foreign currency for small transactions such as subscription, business and personal travel up to a maximum aggregate daily limit of US\$10 000 per bureau de change. Like with banks, bureaux de change and their agents shall report their activities of the inter-bank on a daily basis as required by the Bank.

x. In order to allow exporters to benefit from the inter-bank foreign currency market and to promote uninterrupted supply of forex in the economy. the export retention thresholds which are in line with regional practice shall be as follows: