2024 MID-TERM MONETARY POLICY REVIEW STATEMENT

Consolidating Currency Stability
to sustain low inflation
and a stable Exchange Rate

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30 AUGUST 2024

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SECTION ONE

INTRODUCTION AND BACKGROUND

1. This Mid-Term Monetary Policy Review Statement is issued in terms of Section 46 of the Reserve Bank Act [Chapter 22:15]. The Monetary Policy Statement comes when the economy is experiencing relative price and currency stability after introducing a structured currency, the Zimbabwe Gold (ZiG) on the 5th of April 2024. Accordingly, this Statement evaluates the performance and effectiveness of the monetary policy measures outlined in the April 2024 Monetary Policy Statement. This Review Statement also pronounces the monetary policy stance to be pursued by the Reserve Bank in the next six-month period (July-December 2024).

2. Commendably, the transition to the ZiG currency and the adoption of a market-determined foreign currency system were seamless with no disruption to business and loss of real value to the transacting public. This has helped to build confidence and fostered the much-needed credibility in the new currency. Consequently, the ZiG has been overwhelmingly embraced by the transacting public, with the results from the recent perception survey showing over 90% acceptance nationwide.

3. The Reserve Bank has been 'walking the talk' of a strong commitment to ensuring that the ZiG is fully covered by a composite basket of reserves comprising foreign currency (cash and nostro deposits) and precious metals (mainly gold).

4. Importantly, the exchange rate continues to be stable benefiting from the resilience of the economy, particularly the country's foreign currency generation capacity which has remained robust. Notwithstanding the recent fall in international mineral prices, foreign currency receipts (mainly from exports and diaspora remittances) increased by about 10% during the first half of 2024, compared to the same period in 2023.

5. The favourable foreign currency receipts have boosted the country's balance of payments position, which is now expected to record a current account surplus for the sixth consecutive year beginning in 2019. Reflecting the strong performance of the country's balance of payments, Government has been able to mobilise significant foreign currency through the export surrender requirements for intervention and liquefying the foreign exchange market, as well as meeting external foreign currency obligations.

6. Given the importance of foreign currency reserves in sustaining the ZiG, the Reserve Bank has a reserves accumulation strategy to ensure adequate foreign reserves are available. The Reserve Bank will, therefore, remain resolute on its accumulation strategy until the country's foreign reserves reach internationally acceptable levels.

7. The financial sector and the country's National Payment Systems have also remained stable and efficient in supporting the smooth operations of ZiG and the country's development aspirations, as espoused in NDS1 and Vision 2030.

8. The stability of the exchange rate and inflation coupled with efficient banking and payment systems will continue to support the country's resilience towards a sustainable economic recovery in the medium-to-long

term. Precisely, the favourable monetary and financial conditions have created a conducive environment for sustained economic resilience and growth which is expected at 2% in 2024.

9. Accordingly, this Mid-term Monetary Review Statement aims to ***consolidate the currency stability to sustain low inflation and a stable exchange rate***, while addressing potential risks to macroeconomic stability.

10. The ensuing sections of the Monetary Policy review statement focus on the following:
    - Section two (2) provides an evaluation of monetary policy implementation,
    - Section three (3) provides a status of monetary and financial conditions,
    - Section four (4) provides the domestic economic developments,
    - Section five (5) discusses external sector developments,
    - Section six (6) discusses developments in the financial sector and national payment systems,
    - Section seven (7) outlines the Reserve Bank's monetary policy stance,
    - Section eight (8) outlines the economic and inflation outlook; and
    - Section nine (9) concludes the Statement.

SECTION TWO

MONETARY POLICY IMPLEMENTATION, MONITORING AND EVALUATION

11. Following the announcement of the 2024 Monetary Policy Statement which introduced the Zimbabwe Gold (ZiG) currency and a recalibrated monetary policy framework, the Reserve Bank embarked on country-wide stakeholder engagements to get feedback on the ZiG currency and the accompanying monetary policy measures. These engagements were undertaken with an open mind to identify areas for further fine-tuning to ensure the acceptability of ZiG and the effectiveness of the monetary policy measures in anchoring inflation and exchange rate expectations.

12. Overall, stakeholders unanimously agreed that the introduction of ZiG was a timely and well-thought policy initiative that needed to be protected to ensure a lasting solution to the country's monetary and financial affairs. Stakeholders across the board, however, underscored the need for the Reserve Bank and fiscal authorities to demonstrate strong commitment and a track record of implementing sound economic policies to foster the envisaged predictability and certainty in monetary and financial affairs in the country.

13. To ensure the effective implementation of the new monetary policy measures, the Reserve Bank developed the following key implementation, monitoring and impact evaluation measures.

i. Reconstitution of the Liquidity Management Committee (LMC)

14. The Liquidity Management Committee, comprising the Ministry of Finance, Economic Development and Investment Promotion, and the Reserve Bank was reconstituted. The Committee, tasked with effectively managing liquidity in the economy, meets every week to determine the necessary level of intervention. The LMC has so far assisted in enhancing the stability of the ZiG.

ii. Establishment of a Monetary Policy Implementation, Monitoring, And Evaluation Committee (MPIMECO)

15. The Reserve Bank also established a Monetary Policy Implementation, Monitoring and Evaluation Committee (MPIMECO) which monitors and keeps track of the key indicators to promptly identify emerging risks and ensure timely response by the Reserve Bank.

16. The MPIMECO has developed a Governor’s Dashboard which helps to provide early warning signals on key monetary policy and financial sector developments and effectively measure the impact on currency, exchange rate and financial sector stability. The Reserve Bank will, in due course, publish some of the high-frequency indicators as forward guidance to the markets.

iii. Refinements of Monetary Policy Based on Stakeholder Inputs

17. The Reserve Bank conducted nationwide stakeholder engagements immediately after the monetary policy pronouncement on 5 April 2024 and held consultative meetings to inform this Mid-term Monetary Policy Review Statement.

18. Generally, stakeholders underscored the need for the Reserve Bank to keep money supply growth under check and to ensure that the ZiG currency is fully backed by a composite basket of reserve assets. Stakeholders also

emphasised the need for the Reserve Bank to uphold transparency by regularly publishing key monetary and financial statistics.

19. Given the Stakeholder concerns, the Reserve Bank remains committed to price and financial sector stability and to **walking the talk** of sound monetary and exchange rate policies by keeping reserve money under check and backing the ZiG with foreign reserves all the time.

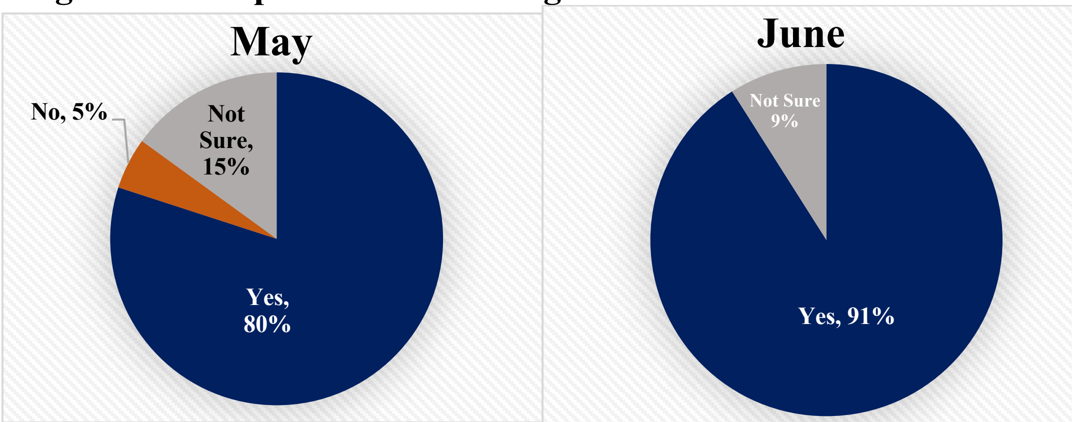
20. The Stakeholder engagements have also helped in the refinement and consolidation of the Reserve Bank's monetary policy stance going forward.

ZiG Acceptance

21. The ZiG currency was fully embraced by businesses and accepted by the transacting public for both transactional and savings purposes. The Governor's countrywide outreach programmes to create awareness of the new currency demonstrated that the general populace embraced ZiG.

22. The indications from the online Consumer Perception Survey on ZiG conducted by the Reserve Bank since mid-April 2024, showed high levels of acceptance by economic agents. Precisely, the results of the Perception Survey showed progressive improvements in the acceptance of ZiG, from 61% in April to 80% in May and 91% in June 2024.

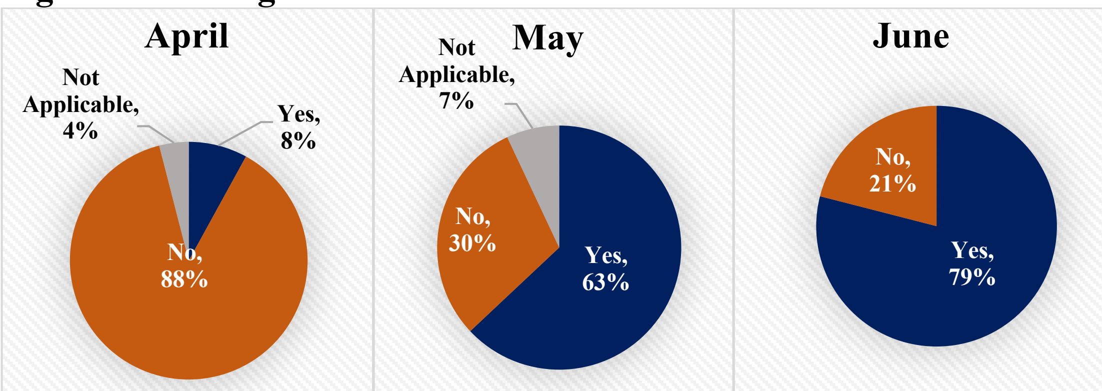
Figure 1: Acceptance of ZiG Usage



ZiG Perception Survey, April to July 2024

23. Similarly, the survey results suggest a tremendous improvement in economic agents' willingness to be paid in ZiG, from 8% in April to around 80% in June as shown in Figure 2.

Figure 2: Willingness to be Paid in ZiG



ZiG Online Perception Survey, April to July 2024

24. Importantly, the results suggest that public confidence in ZiG has been improving because of the increased stability and predictability of the local currency. ***As such, the Reserve Bank remains steadfast in ensuring that the current stability is consolidated to achieve and sustain low and stable inflation in the medium to long term.***

Currency Code (ZWG)

25. Following the approval by the International Standard Organization (ISO) 4217 Committee on Currency, the currency code for the Zimbabwe Gold (ZiG) currency is ZWG. The currency will continue to be called ZiG, while ZWG will be used as a reference code on international trading platforms.

26. The implementation process took effect on June 25, 2024, with both the old and new codes continuing to be used on all platforms until August 31, 2024. This, therefore, implies that with effect from 1 September 2024, the ZWL code will cease to be used as a reference code for Zimbabwe's currency.

SECTION THREE

DOMESTIC MONETARY AND FINANCIAL CONDITIONS

27. The monetary and financial conditions have been relatively tight since the announcement of the Monetary Policy Statement on the 5th of April 2024. The tight monetary policy stance has fostered stability and predictability in the exchange rate and inflation. The exchange rate has been stable since its launch, averaging between ZiG13.20 and ZiG13.8 per US dollar. Parallel market activity for the ZiG has also been effectively contained with lower premiums observed in isolated parallel market activities.

28. The currency stability has restored confidence in local currency. As a result, companies and individuals have started keeping their money in banks with minimum concern for immediate loss of real value.

Reserve Coverage of ZiG

29. Under the new monetary policy, the ZiG has been anchored and fully backed by a composite basket of reserves comprising foreign currency and precious metals (mainly gold) to ensure that its long-term stability is sustained. The Reserve Bank has walked its talk on full backing of the new currency as reflected by a significant increase in the reserve coverage ratio, from 3 times at 5 April 2024 to 4 times as at the end of July 2024.

30. The total foreign reserves, including gold, were around US$ 375 million as at end-June 2024, compared to ZiG total reserve money (including NNCDs)

of US$139 million. This was a significant increase from reserve asset holdings of US$285 million when ZiG was announced on 5 April 2024.

Maintaining a Tight Monetary Policy Stance

31. The Reserve Bank recalibrated the Bank policy rate from 130% to 20%, with a corridor of 11-25%, in line with the envisaged inflation profile for ZiG. As a result, lending and deposit interest rates have aligned with the new policy rates.

Table 1: Interest rates

	10-May-24		17-May-24		31-May-24		Jun-24	
	Min	**Max**	**Min**	**Max**	**Min**	**Min**	**Min**	**Max**
Weighted ZiG Lending Rates								
Individual	26.37	32.06	26.35	31.96	25.32	26.14	24.45	31.27
Corporates	24.46	32.82	24.39	32.40	24.55	24.59	24.49	32.82
Weighted ZiG Deposit Rates								
3 Months Deposit Rates	5.00	7.50	5.00	10.00	5.00	5.00	5.00	10.00
Savings	2.00	7.50	2.00	7.50	2.00	2.00	2.00	9.00
Weighted USD Lending Rates								
Individual	10.40	14.61	10.41	15.05	10.37	10.41	10.48	14.74
Corporates	8.43	14.87	8.79	15.13	8.79	8.83	8.95	14.60
Weighted USD Deposit Rates								
3 Months Deposit Rates	2.50	7.00	2.50	7.00	2.50	2.50	2.50	7.00
Savings	1.00	5.00	1.00	5.00	1.00	1.00	1.00	5.00

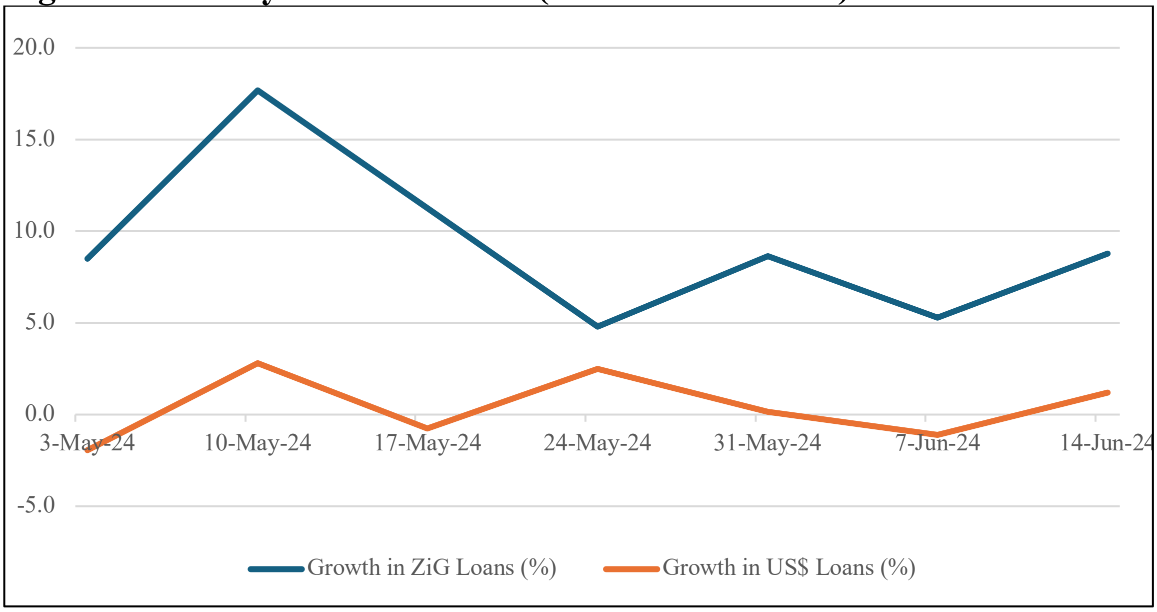
Source: Reserve Bank of Zimbabwe

32. The interest rate policy has been adequately tight to support short to medium term stability in the economy. The Monetary Policy Committee (MPC) continues to assess the monetary and financial conditions to ensure a delicate balance between controlling inflation and aiding sustained growth in the economy.

Credit Conditions

33. Bank lending to households and businesses in foreign currency and ZiG remains generally available and continues to support economic activity. As at 30 June 2024, aggregate banking sector loans and advances amounted to ZiG27.45 billion. The pace of bank lending in ZiG increased sharply following the introduction of ZiG but moderated in June.

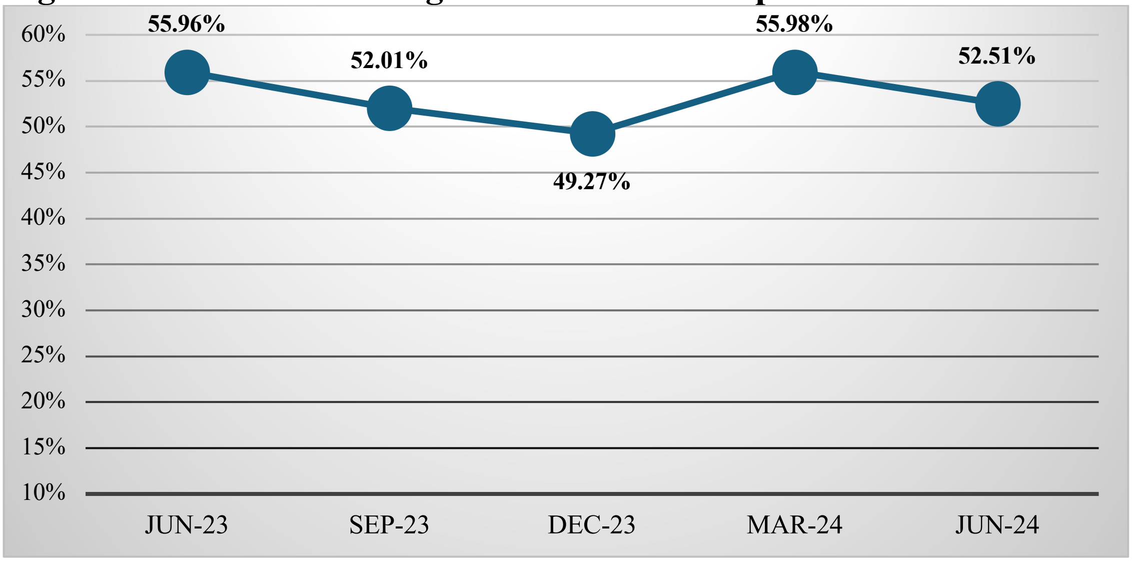
Figure 3: Weekly Credit Growth (ZiG vs US$ Loans)



Source: Reserve Bank of Zimbabwe, 2024

34. Reflecting, the moderation in bank lending, the trend of banking sector loans to deposits ratio over the period June 2023 to June 2024 has generally been stable and at levels judged by the Reserve Bank to be consistent with maintaining currency stability and growth.

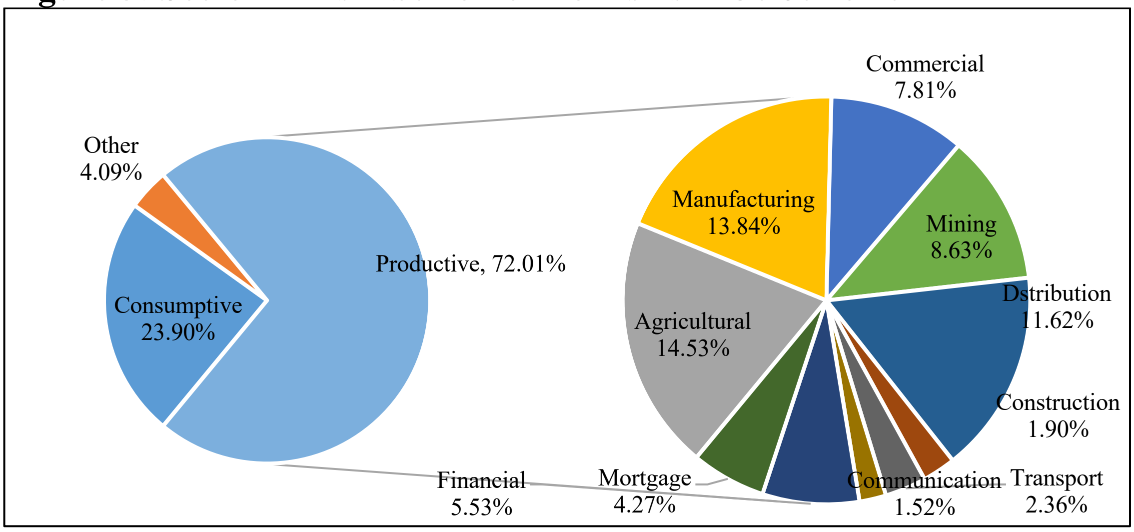
Figure 4: Trend in Banking Sector Loans to Deposits Ratio



Source: Reserve Bank of Zimbabwe, 2024

35. The banking sector continued to support the funding requirements of the productive sectors of the economy as evidenced by loans to the productive sectors, which constituted 72.01% of total loans. Figure 5 shows the sectoral distribution as at 30 June 2024.

Figure 5: Sectoral Distribution of Loans as at 30 June 2024



Source: Reserve Bank of Zimbabwe, 2024

36. Outstanding credit to the private sector was mainly channelled to households, manufacturing, agriculture, and distribution which received

26.4%, 15.2%, 14.4%, and 14.1% of the total credit, respectively. The mining sector received 8.6% of the total outstanding credit, reflecting their capacity to partly self-finance.

Overnight Accommodation Window

37. The lender of last resort window remains available to any bank experiencing short-term liquidity challenges. Few banks have resorted to this window as the market is awash with liquidity as reflected by the NNCDs which stood at ZiG1.6 billion on 30 June 2024. The Overnight Accommodation Rate remained at 25% since the announcement of the MPS on 5 April 2024.

Medium-Term Bank Accommodation Facility

38. In line with its tight monetary policy stance, the Reserve Bank has temporarily stopped disbursements under the Medium-Term Bank Accommodation (MBA) facility. In this regard, the outstanding balance on the MBA facility was ZiG59.6 million as of 17 July 2024. Maturities are not being rolled over.

Foreign Exchange Market

39. The adoption of a refined foreign exchange market determined system under the Willing-Buyer and Willing-Seller (WBWS) principle has gone a long way in ensuring a more stable price discovery mechanism.

40. The new market-determined foreign exchange trading system has been operating smoothly since 5 April 2024. The Reserve Bank has been intervening in the interbank market to smoothen supply-demand mismatches and effectively facilitate interbank market trading using 50% of the 25%

export surrender proceeds. From 8 April to 28 August 2024, about US$190 million was traded through the interbank foreign exchange market.

ZiG Cash

41. Following a robust education and awareness campaign to educate the public on security features and other related issues, the Reserve Bank injected the ZiG cash into the market from the 30th of April 2024. To foster effective financial inclusion, the public awareness campaign reached all the corners of the country and by the time the new currency was introduced most people including in the rural areas were aware of the features of the currency.

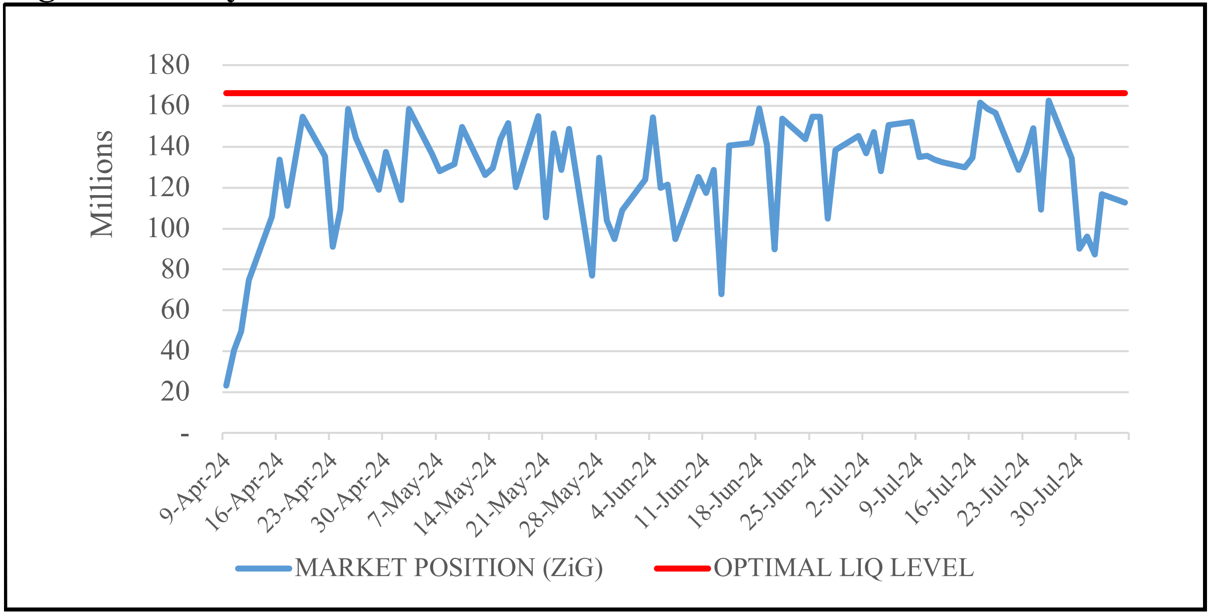
42. The Reserve Bank released ZiG notes and coins into the market, in the denominations of ZiG 1, ZiG 2, ZiG 5, ZiG10, and ZiG 20. Despite the logistical and distributional glitches that characterized the initial phases of the new currency rollout, the Reserve Bank successfully distributed adequate cash to banks to support cash demand by the public.

43. The Reserve Bank also introduced the swipe facility for ZiG at Homelink and cash kiosks at bus termini to increase outreach and smoothen access to cash, especially with regard to coins for commuters' convenience. Accordingly, the Bank will continue to improve cash availability, particularly in the rural areas to enable the financially excluded to have access to ZiG. The Reserve Bank has also noted that most people do not have adequate electronic ZiG balances in their banking accounts, hence the rollout of "cash kiosks", to enable them to use the balances in their mobile wallets to exchange for ZiG cash, especially in the rural areas.

Money Market Liquidity

44. The end-of-day money market position in the first half of 2024 has remained within the Optimal Liquidity Level (OLL) of ZiG166.3 million as the Reserve Bank mopped up excess liquidity through the issuance of Non-negotiable Certificates of Deposit (NNCDs). In this regard, the outstanding level of NNCDs was ZiG1.6 billion as at 30 June 2024. Figure 6 shows the liquidity developments since the announcement of the Monetary Policy Statement on 5 April 2024.

Figure 6: Daily Market Position



Source: Reserve Bank of Zimbabwe, 2024

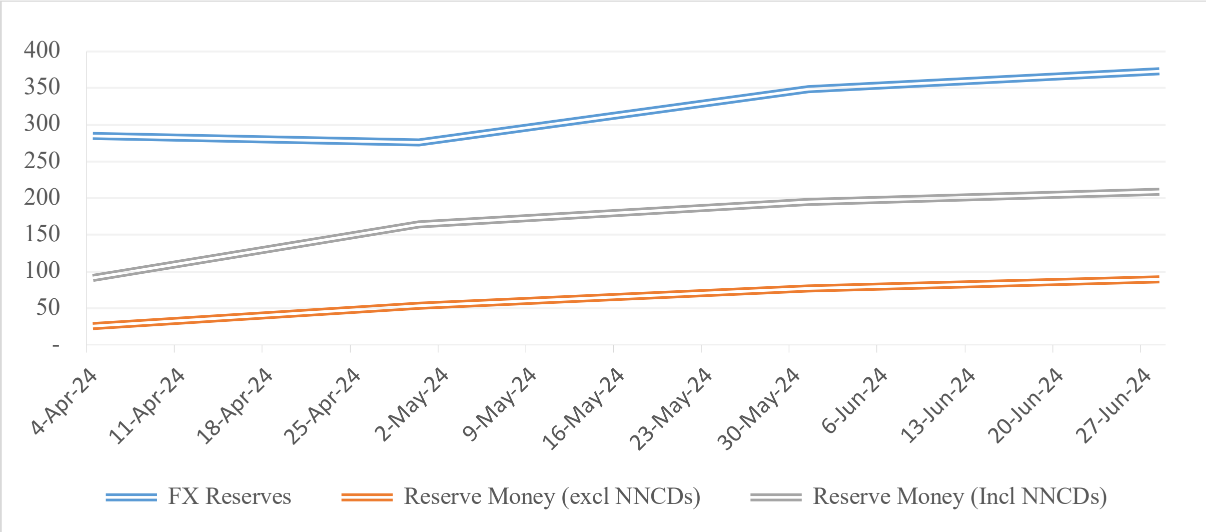
Foreign Exchange Auction Backlog

45. The Ministry of Finance, Economic Development, and Investment Promotion has issued Treasury instruments against the auction backlog amounting to US$90.8 million, covering both Retail and Wholesale auction obligations. To deepen the country's fixed-income market, the Treasury instruments are tradable in the secondary market.

Gold and Foreign Currency Reserves (US$)

46. The Reserve Bank has embarked on a reserve-building strategy comprising foreign currency and precious metals (mainly gold). Foreign exchange reserves shall continue to be acquired through mining royalties, direct currency purchases from the interbank market against the local currency and outright gold purchases.

Figure 7: Reserve Money and Reserve Holding Build-Up as of 30 June 2024



Source: Reserve Bank of Zimbabwe, 2024

47. The country's reserves grew by 30%, from US$285 million as of 5 April 2024 to about US$375 million as of 30 June 2024. The Reserve Bank will continue to purchase gold to provide a solid and sufficient anchor for ZiG.

SECTION FOUR

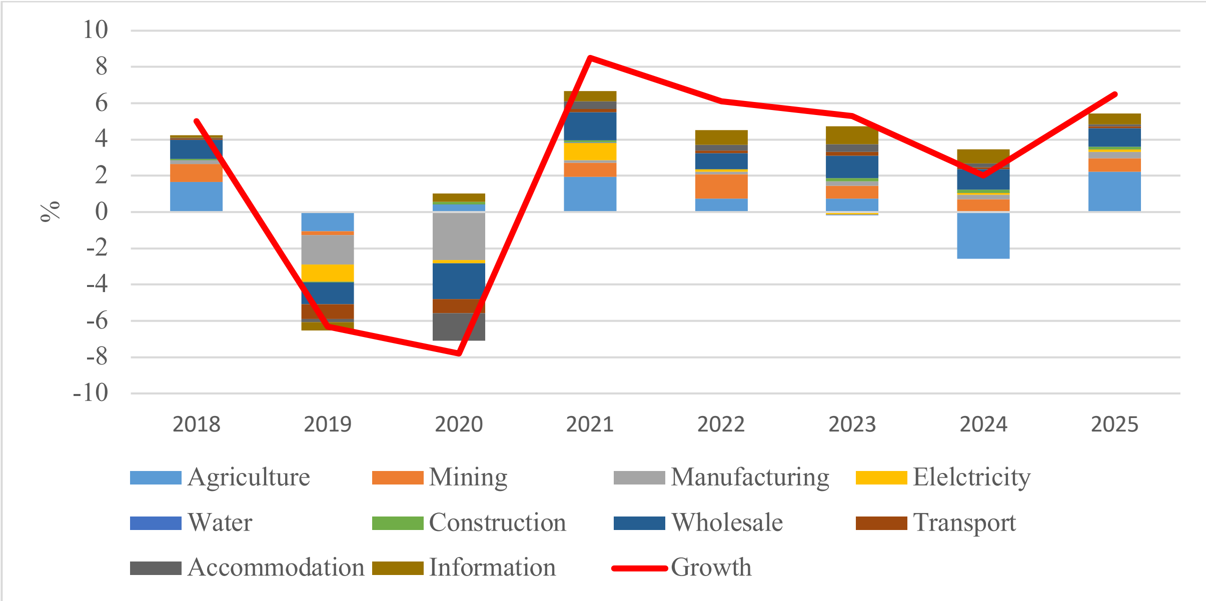
RECENT DOMESTIC ECONOMIC DEVELOPMENTS

48. The domestic economy continues to show greater resilience despite the severe El Nino-induced drought conditions. The exchange rate and inflation stability are expected to boost the country's growth potential in the outlook period. As such, the economy is expected to grow by 2% in 2024 mainly supported by increased construction, mining, tourism, and distributional activities.

49. Construction activities continue to benefit from Government capital projects in roads, dams, and other critical infrastructure including localized projects financed by Devolution Funds.

50. Economic growth is expected to rebound to above 6% in 2025, benefiting from conducive monetary and financial conditions from easing monetary policy across the globe as inflation dissipates and recovery of the agriculture sector from the El-Nino-induced drought. Figure 8 shows the growth rates of the economy from 2018 to 2025 and the sectoral contribution to growth.

Figure 8: Contribution to Growth (2018 to 2025)

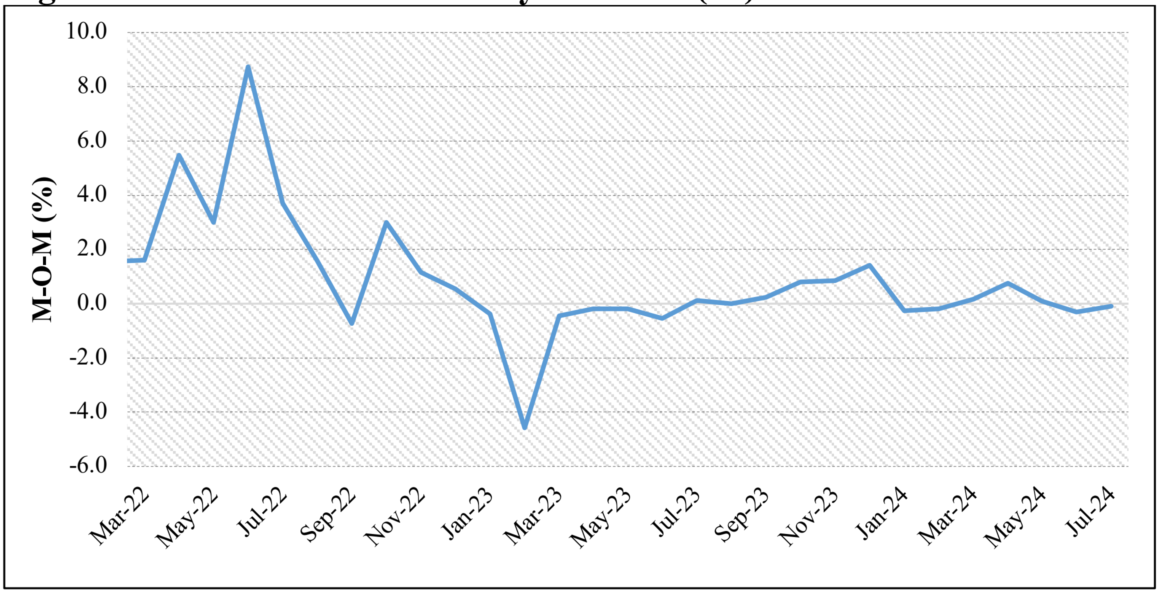


Source: Zimstat, MoFEIP projections

Domestic Inflation Developments

51. Inflation has been firmly under control since the announcement of the 2024 recalibrated monetary policy statement. The month-on-month ZiG inflation stood at -2.4%, 0.03%, -0.1% and 1.4% for May, June July and August 2024, respectively. The domestic USD month-on-month inflation stood at 0.1%, -0.3%, -0.1%, and 0.2% in May, June, July and August 2024, respectively. Figure 9 shows domestic USD monthly inflation.

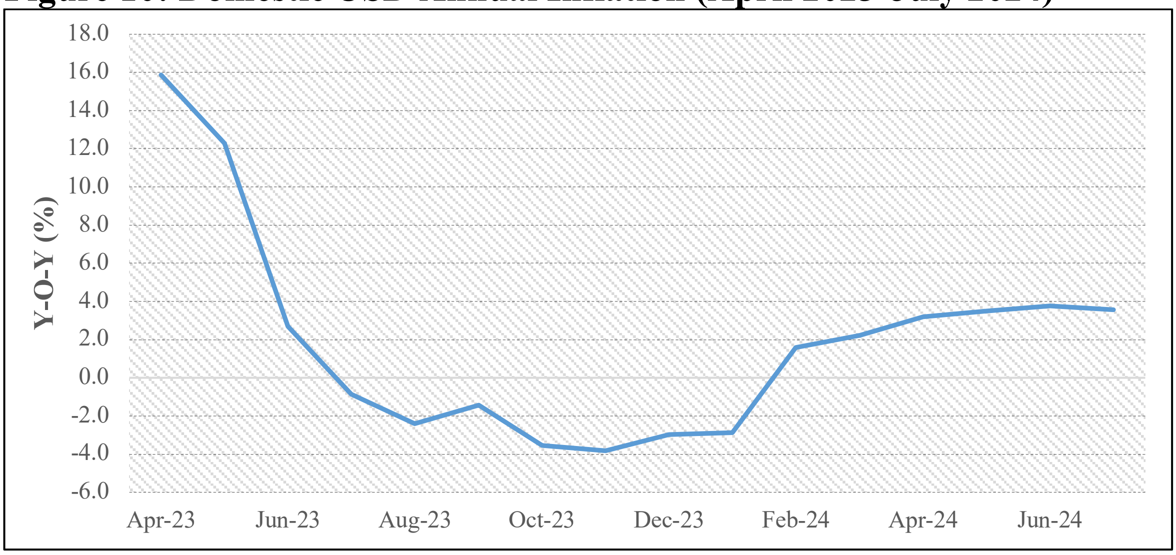
Figure 9: Domestic USD Monthly Inflation (%)



Source: ZIMSTAT, 2024

52. The annual USD inflation rate has also shown significant stability and stood at 3.5% in May 2024, and 3.6% in July 2024 as shown in Figure 10, well within the SADC regional targets of between 3-7%.

Figure 10: Domestic USD Annual Inflation (April 2023-July 2024)

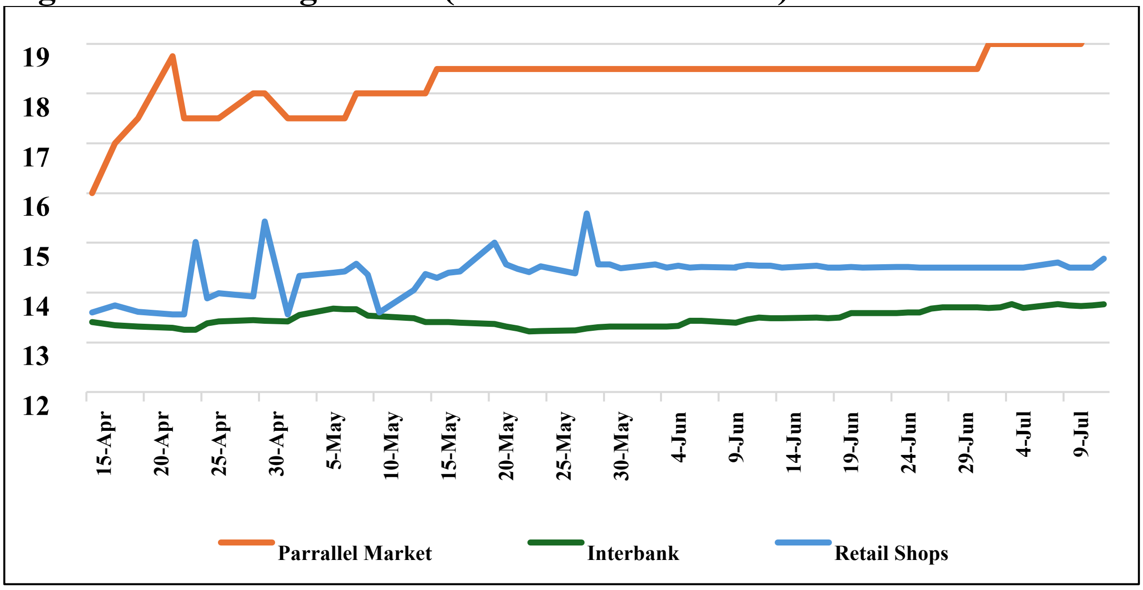


Source: ZIMSTAT, 2024

Exchange Rate Developments

53. The new structured currency, the ZiG/US$ exchange rate has been relatively stable, with the average ranging between ZiG13.2 to ZiG13.8 per US$, as shown in Figure 11.

Figure 11: Exchange Rates (Official and Parallel)



Source: ZIMSTAT, 2024

54. The stability of the exchange rate has resulted in subdued inflationary pressures in the economy as inflation expectations remain anchored. Furthermore, the Financial Intelligence Unit (FIU) and other law enforcement agencies have been resourced to effectively enforce compliance and instill market discipline.

Reserve Money Developments

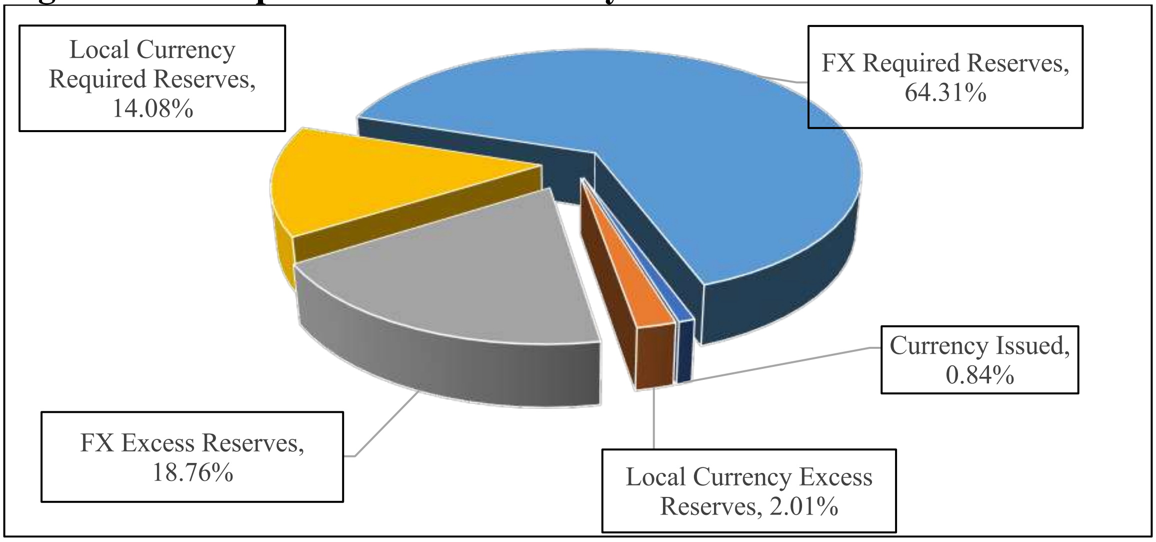
55. Total reserve money increased by 9.02%, from ZiG6,639.45 million as of the end of May 2024 to ZiG7,238.62 million as of the end of June 2024. The month-on-month change in reserve money was reflected in increases of ZiG277.93 million and ZiG21.04 million in both foreign and local currency

banks' excess reserves (RTGS Balances) at the Reserve Bank, respectively. In addition, both local and foreign currency statutory reserves also went up by ZiG166.53 million and ZiG126.43 million, respectively, while currency issued increased by ZiG7.23 million, during the period under review.

56. The local currency component of reserve money increased from ZiG1,030.35 million at the end of May 2024 to ZiG1,225.15 million in June 2024. The local currency component of reserve money is, however, still covered by foreign reserves which amounted to about US$375 million as at end of June 2024.

57. Figure 12 shows the components of reserve money as of June 2024.

Figure 12: Components of Base Money as of the end of June 2024



Source: Reserve Bank of Zimbabwe, 2024

Local Currency Statutory Reserves

58. ZiG statutory reserve balances increased by 192%, from ZiG356.3 million on 5 April 2024 to ZiG1.019 billion as of 30 June 2024. The growth in local

currency statutory reserves was largely attributable to increases in local currency deposits, on account of foreign exchange purchases as well as loans and advances by banks.

Foreign Currency Statutory Reserves

59. The Reserve Bank increased the statutory reserve ratio for foreign currency demand deposits from 15% to 20% with effect from 8 April 2024. As a result, foreign currency statutory reserve balances increased from US$226.39 million for the week ending 4 January 2024 to US$326.18 million as at 30 June 2024

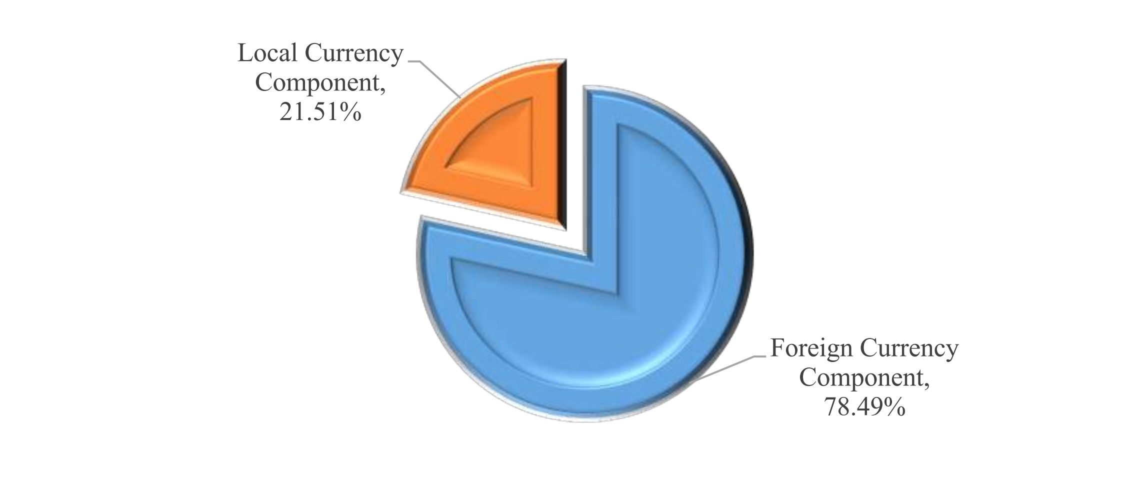
Broad Money Developments

60. Broad money (M3) stock stood at ZiG42,726.47 million as at the end of June 2024, compared to ZiG41,027.61 million recorded in May 2024. This reflects a monthly growth rate of 4.1% in June 2024, a reduction in growth from 5.9% in May 2024, largely owing to the current tight monetary policy stance.

61. The local currency component of broad money increased from ZiG8,038.07 million in May 2024 to ZiG9,189.43 million in June 2024, largely reflecting an increase in banking sector loans and advances.

62. In June 2024, the money stock comprised foreign currency deposits, 78.49%; local currency deposits, 21.39%; and local currency in circulation, 0.12%. Figure 13 shows the composition of money supply as at the end of June 2024

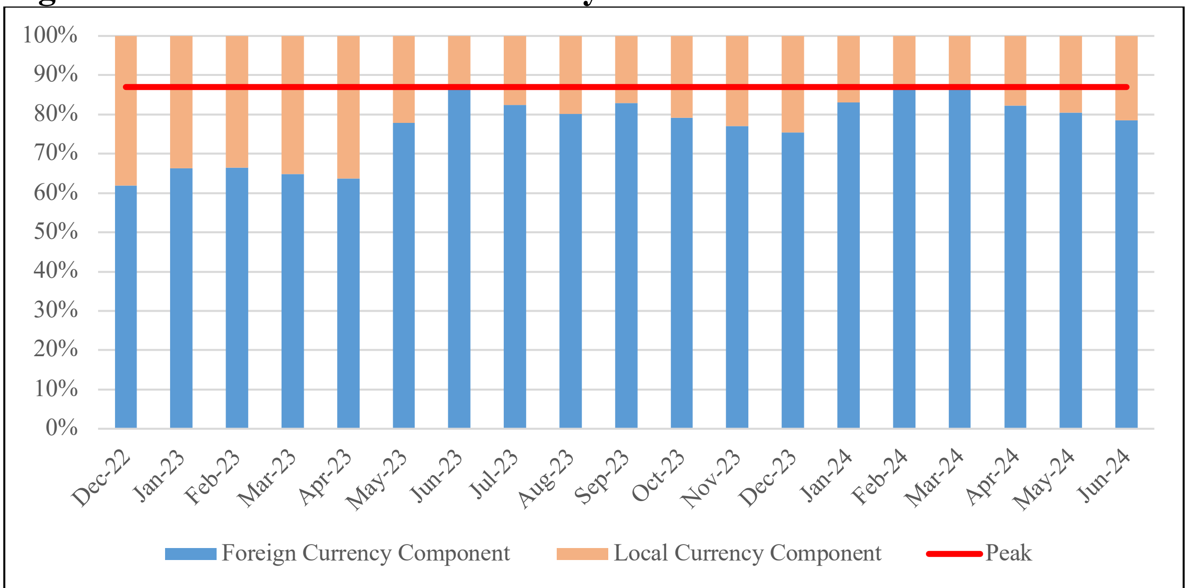
Figure 13: Composition of Money Supply – June 2024



Source: Reserve Bank of Zimbabwe, 2024

63. It is pleasing to note that the foreign currency component in broad money has begun showing a declining trend after peaking around 87%, reflecting increased use of the local currency in the economy. Figure 14 shows the structure of broad money from December 2022 to May 2024.

Figure 14: Structure of Broad Money



Source: Reserve Bank of Zimbabwe, 2024

64. On the asset side, domestic credit increased to ZiG38,036.92 million in June 2024, from ZiG37,674.71 million in May 2024. The expansion in domestic

credit largely reflected increases of 6.74% in credit to the private sector, from ZiG25,023.65 million in May to ZiG26,710.31 million in June 2024.

65. Over the same period, net claims on the Government declined by 12.10%, from ZiG11,278.38 million to ZiG9,913.46 million, partly on the back of a 4.07% decrease in legacy claims on parastatals.

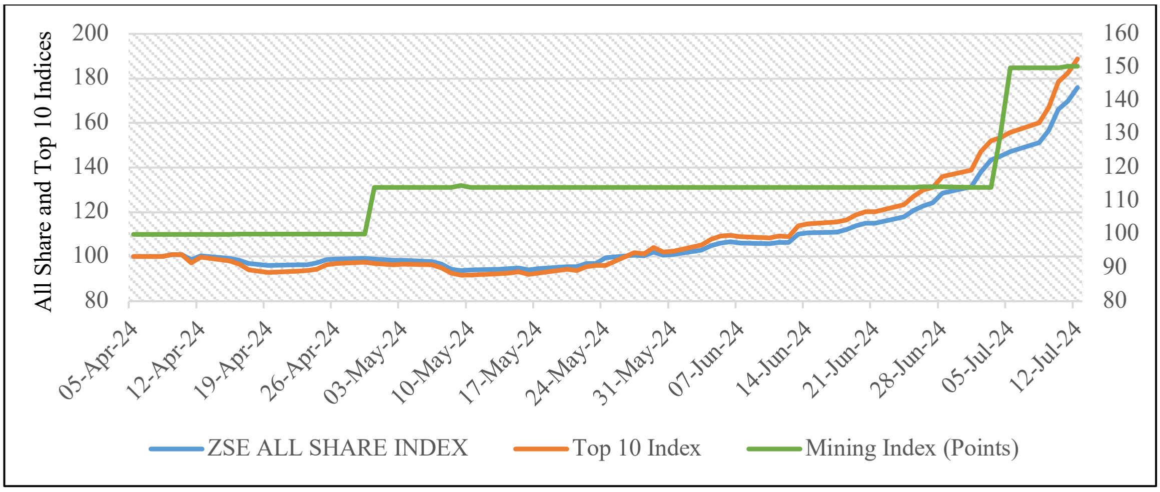
Stock Market Developments

66. Following the introduction of ZiG, on 5 April 2024, the Zimbabwe Stock Exchange (ZSE) rebased indices to 100. This allowed the market to capture true economic activities in the context of the new currency.

67. The period 5 April 2024 to 12 July 2024 was characterised by positive trading on the local bourse. As such, the All Share, Top 10, Top 15, Medium Cap and Small Cap indices added 75.89%, 88.75%, 83.87%, 41.68% and 0.84% to 175.89 points, 188.75 points, 183.87 points, 141.68 points and 100.84 points, respectively.

68. The resource index also added 50.28% to close at 150.28 points during the period under review. Figure 15 shows the developments of the ZSE All Share, Top 10, and Mining indices for the period 5th April 2024 to 12th July 2024.

Figure 15: ZSE All Share, Top 10 and Mining Indices

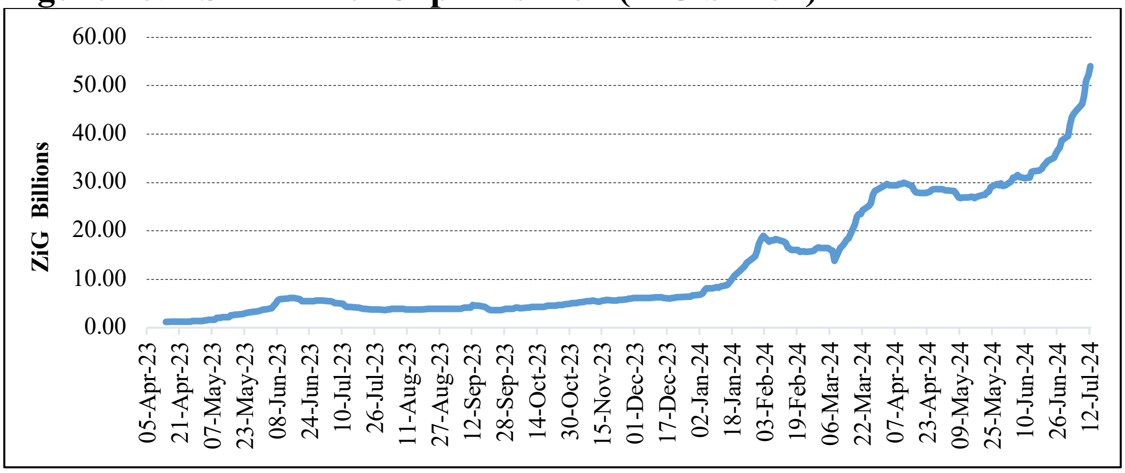


Source: Zimbabwe Stock Exchange, 2024

ZSE Market Capitalisation

69. Owing to improved trading activity over the period under analysis, the ZSE market gained 83.66%, or ZiG24.61 billion worth of capitalization to close at ZiG54.04 billion, compared to ZiG29.42 billion (converted) as at 5 April 2024. Figure 16 shows the evolution of market capitalization for the period 5 April 2024 to 12 July 2024.

Figure 16: ZSE Market Capitalisation (ZiG billion)[1]



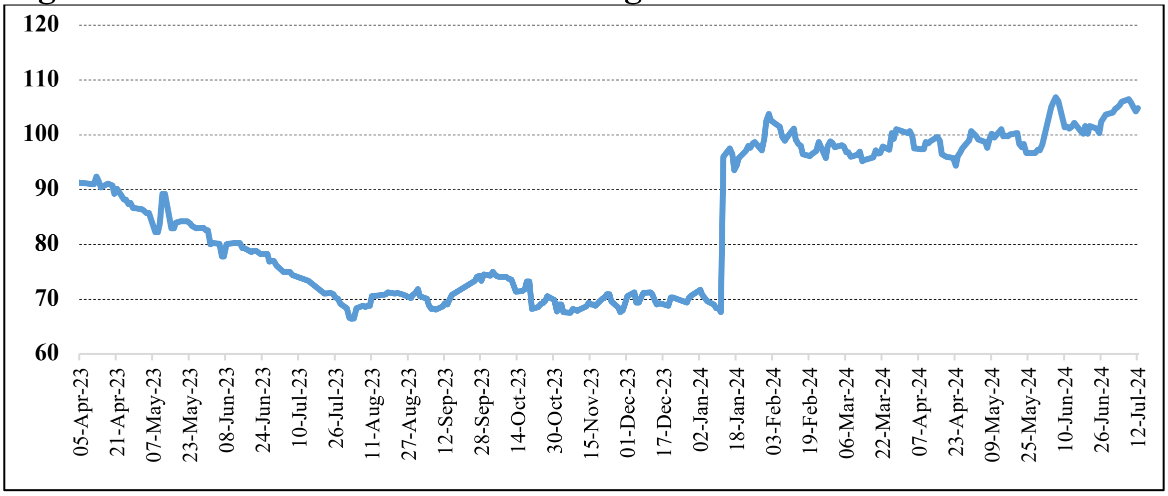
Source: Zimbabwe Stock Exchange, 2024

[1] ***Note: Figures prior to 5th April 2024 reflect ZWL converted using the MPS 2024 conversion factor.***

VICTORIA FALLS STOCK EXCHANGE (VFEX)

70. Although there was positive trading during the first half of the year on the VFEX, investors took a cautious approach during the early stages of the introduction of the ZiG currency. In line with these developments, the VFEX All Share index added 5.32% to close at 104.84 points, from 99.54 points recorded on 5 April 2024.

Figure 17: Victoria Falls Stock Exchange All Share Index

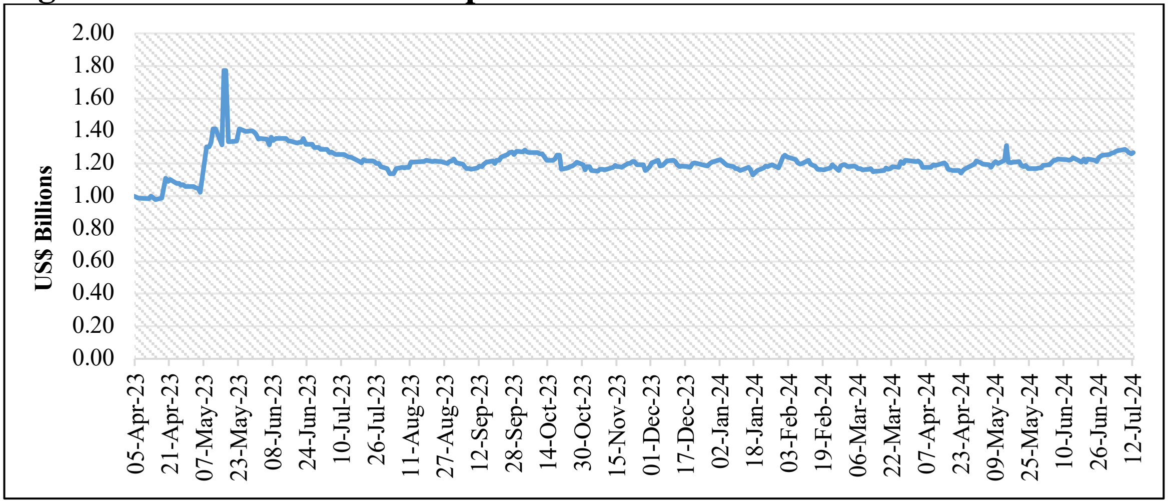


Source: Victoria Falls Stock Exchange, 2024

VFEX Capitalization

71. During the period 5 April 2024 to 12 July 2024, the foreign currency-denominated market added 7.48% or US$88.09 million to US$1.27 billion, compared to US$1.18 billion recorded on 5 April 2024. Investor sentiments remained toned down, leading to a limited upward trading momentum.

Figure 18: VFEX Market Capitalization in billions of US$



Source: Victoria Falls Stock Exchange, 2024

SECTION FIVE

EXTERNAL SECTOR DEVELOPMENTS

Global Economic Developments and Outlook

72. The global economy is expected to grow by 3.2% in 2024 and 3.3% in 2025. Global economic recovery remains on track, as world trade firmed up at the turn of the year, spurred by strong exports from Asia, particularly in the technology sector. Table 2 shows the global and regional economic growth developments for 2023 and the outlook for 2024 and 2025.

Table 2: Global Growth Projections (%)

	2023	2024	2025
World Output	3.3	3.2	3.3
Advanced Economies	1.7	1.7	1.8
USA	2.5	2.6	1.9
Euro Area	0.5	0.9	1.5
Emerging Markets and Development Economies (EMDEs)	4.4	4.3	4.3
China	5.2	5.0	4.5
Sub-Saharan Africa	3.4	3.7	4.1
South Africa	0.7	0.9	1.2
Zimbabwe	5.3	2.0	6.5

Source: IMF, World Economic Outlook, 2024

73. Growth in advanced economies is expected to slightly increase from 1.7% in 2024 to 1.8% in 2025. Similarly, growth for the US is projected at 2.6% in 2024, and 1.9% in 2025, as the labour market cools and consumption moderates, accompanied by a gradual tightening of fiscal policy.

Meanwhile, the growth outlook for the Euro area is projected to improve from 0.9% in 2024 to 1.5% in 2025, mainly supported by stronger consumption driven by rising real wages and increased investment, amidst gradual monetary policy loosening.

74. The growth for emerging markets and developing economies is projected at 4.3% for both 2024 and 2025, driven by stronger economic activity in Asia, especially in China and India.

Global Inflation Developments

75. Global inflation is projected to decline from 8.7% in 2022 to 5.8% in 2024, due to tighter monetary policies and lower international commodity prices. In advanced economies, disinflation will slow in 2024 and 2025 due to persistent service price inflation and higher commodity prices. However, cooling labour markets and declining energy prices are expected to bring headline inflation back to target by the end of 2025.

76. In emerging markets and developing economies, inflation will remain high and decline more slowly, though it is already near pre-pandemic levels partly due to falling energy prices.

Risks to the Global Economic Outlook

77. Upside risks to inflation have increased, raising the possibility of higher interest rates for a prolonged horizon amid escalating trade tensions and increased policy uncertainty.

78. Near-term risks have gained prominence, including the lack of progress on services disinflation and price pressures from renewed trade or geopolitical tensions. Escalating trade tensions could elevate inflation risks by increasing the cost of imported goods along the supply chain. This heightened inflation risk raises the likelihood of prolonged higher interest rates which, in turn, elevates external, fiscal, and financial risks.

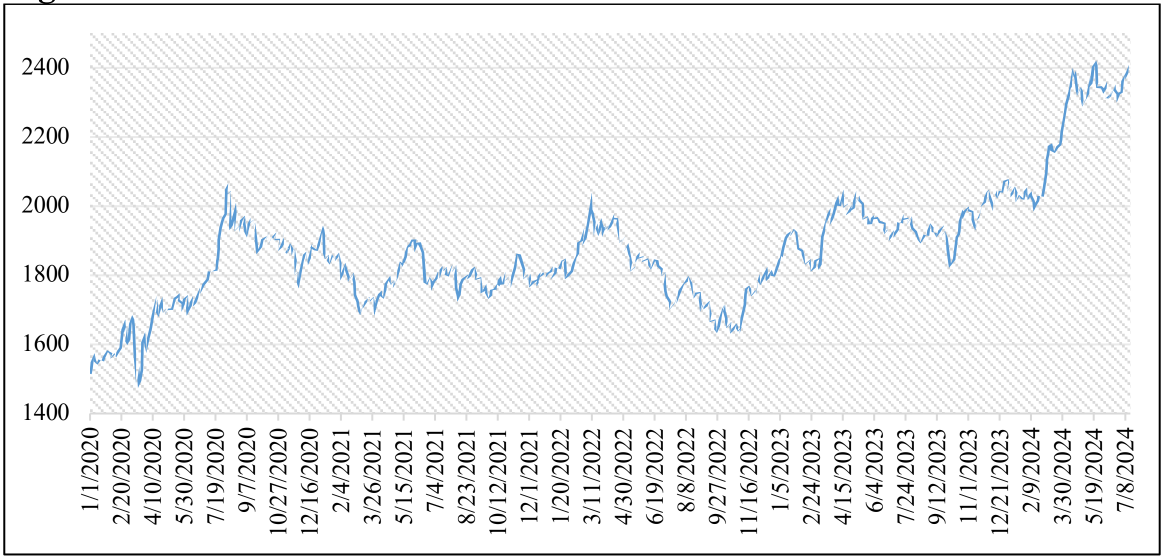
Commodity Price Developments

Precious Metals

79. Gold prices hit new record highs in April and July 2024, reaching US$2,400 per ounce due to elevated geopolitical tensions and strong safe-haven demand. The surge was driven by continuous central bank purchases, Asian investment flows, resilient consumer demand, growing geopolitical uncertainty and the anticipated interest rate cuts in advanced economies.

80. Several Emerging Markets and Developing Economies (EMDE) central banks contributed to the strong demand. Gold, uniquely among assets, typically appreciates during periods of geopolitical and policy uncertainty, including conflicts. Safe-haven demand for gold is expected to strengthen further in 2024, partly due to the high number of upcoming national elections worldwide.

Figure 19: Gold Prices US$/Oz



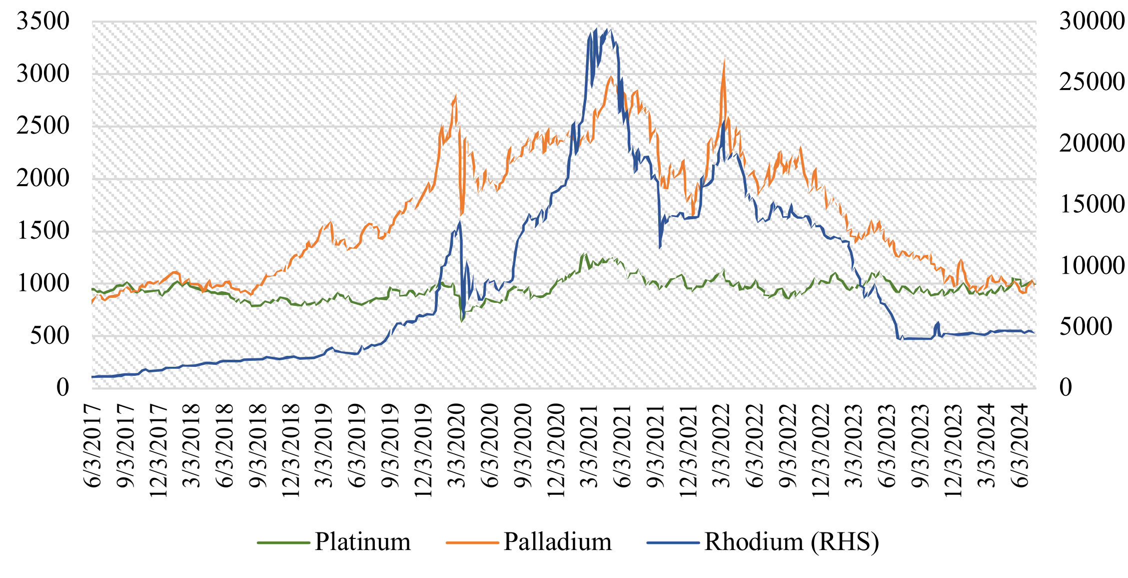
Source: World Gold Council, 2024

Platinum Group of Metals (PGMs)

81. PGMs (platinum group of metals) prices declined during the first half of 2024 relative to the same period in 2023. The declines were, however, sharper for palladium and rhodium. Platinum prices declined by 6.7%, while palladium and rhodium prices slumped by 35.3% and 49.1%, respectively.

82. The contraction in prices largely reflected ample supplies, worsening global macroeconomic conditions and subdued global demand with price-related substitution persisting in the automotive and glass sector where cheaper platinum is being relatively preferred to more expensive palladium and rhodium. The demand for PGMs in the automotive sector remains under threat as the uptake of electric vehicles gathers pace, motivated by the ongoing global energy transition.

Figure 20: PGM Prices US$/Oz



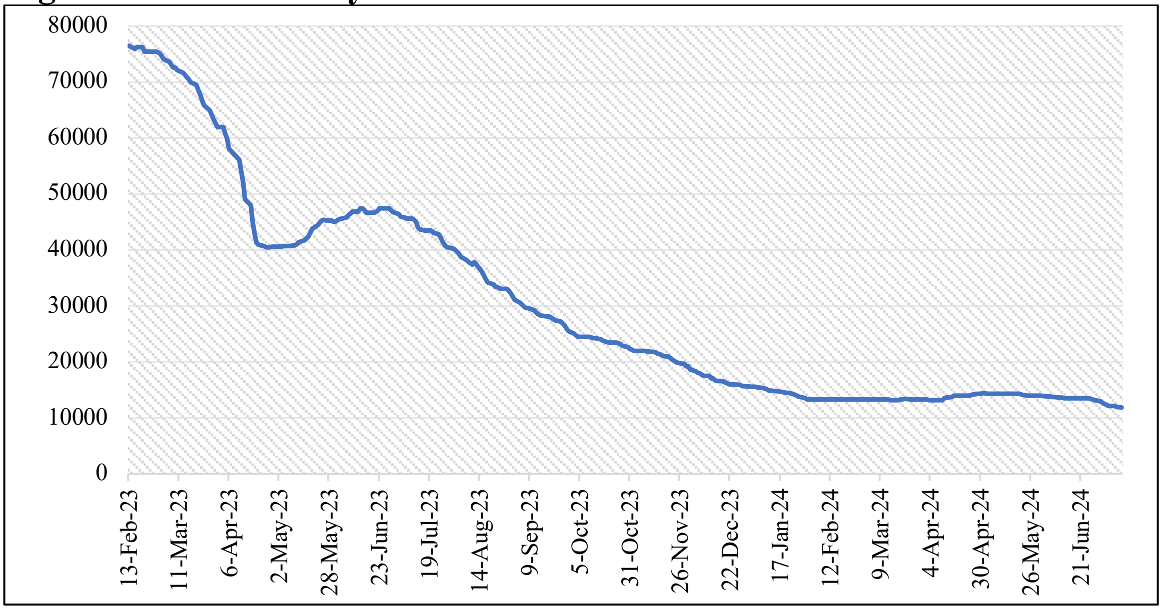
Source: Johnson Matthey Database, 2024

Lithium

83. During the first half of 2024, global lithium prices fell sharply to US$13,798 per tonne, from US$55,159 per tonne in the corresponding period of 2023. The decrease was due to excess global supply from key producers including Australia, Chile and Zimbabwe, in the face of weaker-than-expected demand for electric vehicles (EVs).

84. Despite the current price drop, prices are expected to rise in the medium term as demand for energy transition technologies, such as EVs and renewable energy, surpasses supply growth. Figure 21 shows the price trend of lithium hydroxide for the period from February 2023 to July 2024.

Figure 21: Lithium Hydroxide US$/mt



Source: London Metal Exchange, 2024

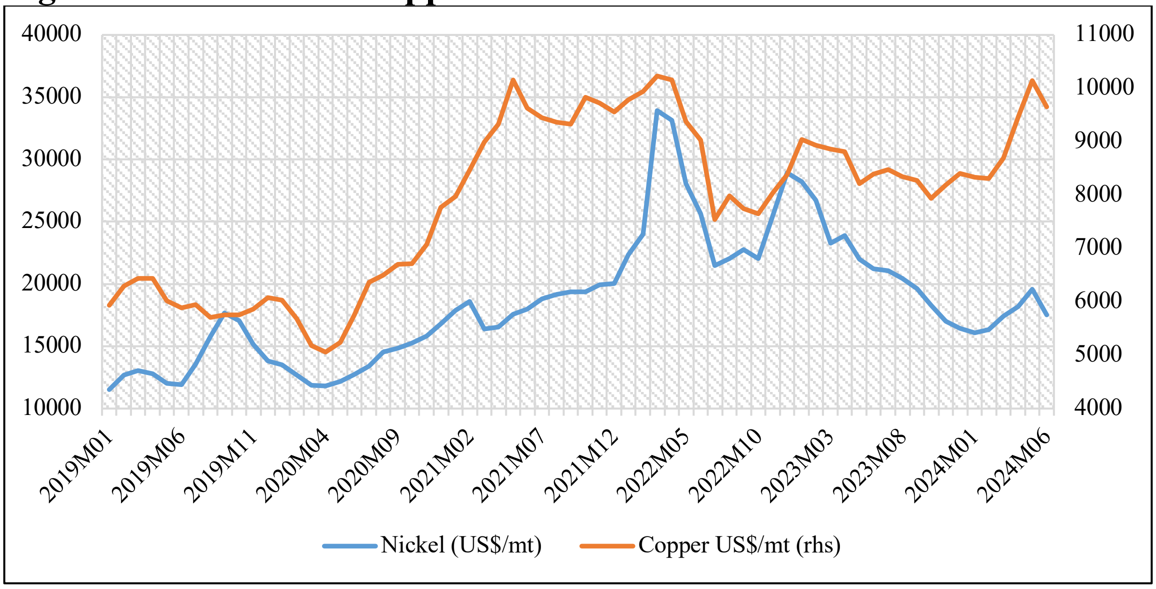
Base Metals

85. Copper prices increased by 4.5% to US$9,097 per tonne in the first half of 2024, up from US$8,709 per tonne recorded in the corresponding period in 2023, due to stronger demand in China and ongoing production cuts and disruptions in South America. Despite modest global demand, influenced by slow GDP growth and challenges in China's real estate sector, the demand for copper remained steady, driven by energy transition technologies like electricity grid infrastructure, EVs, and solar panels.

86. In contrast, nickel prices dropped by 27.7%, from US$24,218 per tonne in the first half of 2023 to US$17,522 per tonne in the period under review, mainly due to persistent oversupply. The oversupply was primarily due to increased production in Indonesia, which accounts for over half of the global nickel supply. Significant smelter investments, mainly from China, as well as government incentives, including an export ban on nickel ores drove the surge in nickel production. Despite the price decline, global nickel demand

is expected to grow significantly in 2024, fuelled by stainless steel production and rising demand for materials used in the manufacture of batteries. Figure 22 shows the evolution of nickel and copper prices.

Figure 22: Nickel and Copper Prices US$/Mt

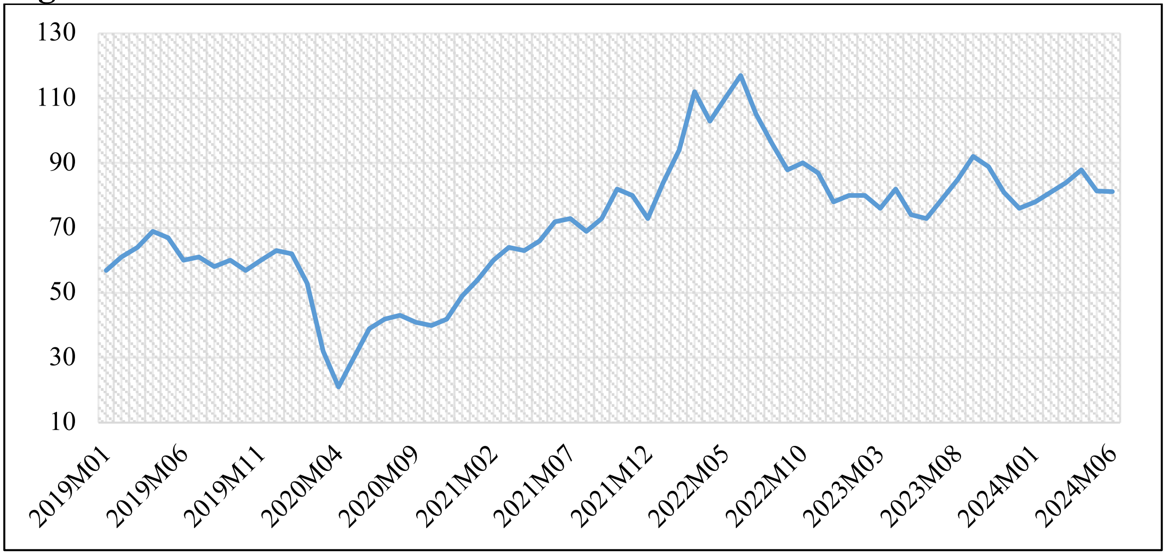


Source: World Bank Commodity Prices, 2024

Crude Oil Prices

87. The escalating geopolitical tensions and supply management measures led to a 6.2% increase in crude oil prices, from US$78 per barrel in the first half of 2023 to US$82 per barrel in the corresponding period in 2024. Market fundamentals also played a role, with recent reductions in U.S. inventories and the International Energy Agency's shift in mid-March 2004, from predicting a significant oil surplus to a slight deficit, boosting bullish trading sentiment. Ongoing conflicts in the Middle East have further raised concerns about potential disruptions to oil supply. Figure 23 shows the evolution of crude oil prices.

Figure 23: Crude Oil Price US$/barrel



Source: World Bank Commodity Prices, 2024

BALANCE OF PAYMENTS DEVELOPMENTS AND OUTLOOK

Foreign Currency Receipts

88. The country's external sector position has remained favourable notwithstanding the anticipated slowdown in the economy in 2024 due to the effects of the EL-Nino-induced drought.

89. Foreign currency receipts increased by 9.5% to **US$6.15 billion** during the period from January to June 2024, from **US$5.61 billion** received during the same period in 2023, largely driven by the growth in export receipts and diaspora remittances, as shown in Table 3.

Table 3: Total Foreign Currency Receipts

Type of Receipt		Jan - June 2024	% Contr	Jan - June 2023	% Contr	% Change
Export Proceeds		3,406.70	55%	3,071.1	55%	10.9%
International Remittances	Diaspora	997.91	16%	921.2	16%	8%
	NGOs	559.72	9%	514.1	9%	9%
Loan Proceeds (Private)		849.21	14%	919.0	16%	-7.6%
Income receipts		64.00	1.0%	62.1	1%	3%
Foreign Investment		268.80	4.4%	126.8	2.3%	112%
TOTAL		**6,146.34**	**100%**	**5,614.2**	**100%**	**9.5%**

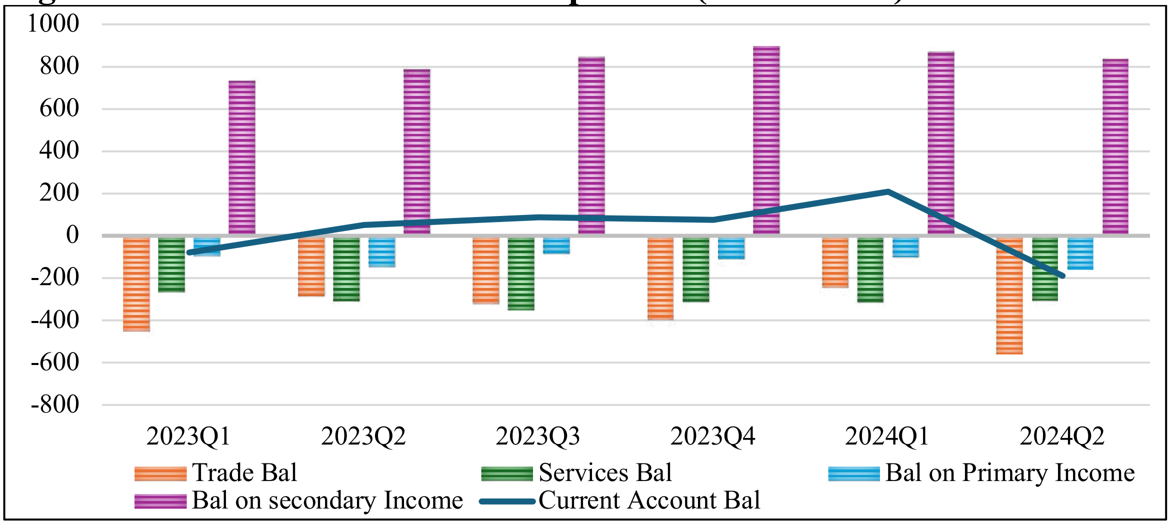
Source: *Exchange Control Records and Bank Supervision Application System (BSA), 2024*

90. As shown in Table 3, export receipts and international money transfers accounted for 55% and 25%, respectively, of the country's total receipts during the period from January 1 to June 30, 2024.

Current Account Developments

91. Reflecting the observed improvement in foreign currency receipts, preliminary estimates indicate that the current account balance recorded a surplus of US$19.2 million in the first half of 2024, a turnaround from the deficit of US$13.8 million observed in the same period last year, as depicted in Figure 24.

Figure 24: Current Account Developments (US$ million)



Source: RBZ and ZIMSTAT Estimates, 2024

Merchandise Exports

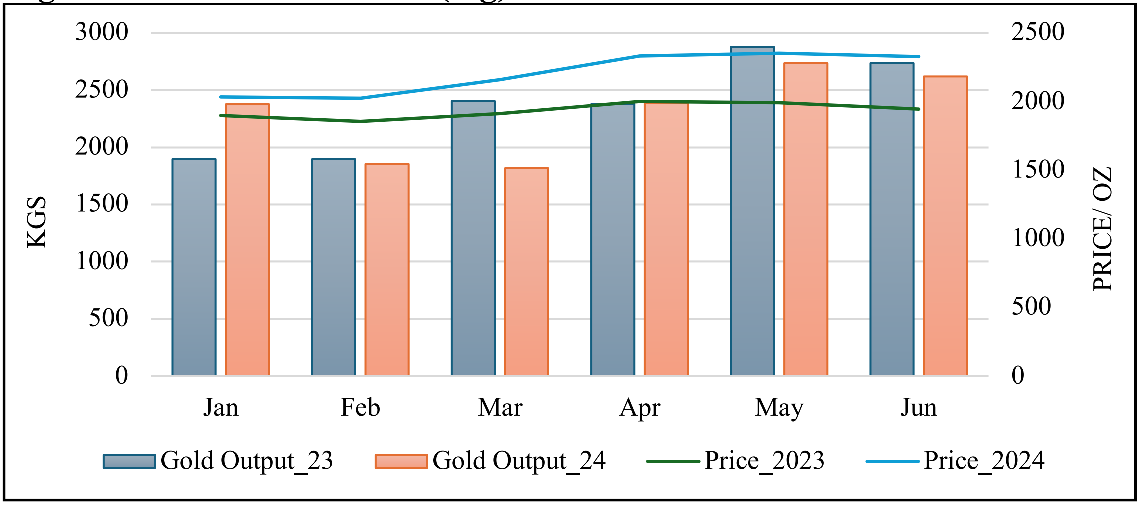
92. Merchandise exports increased by 3.4%, from US$3 288.1 million in the first half of 2023 to US$3 402.1 million in the corresponding period of 2024, driven by increased exports of gold, agricultural commodities, and manufactured products.

93. Minerals, which account for the largest share of merchandise exports, registered a marginal decline of 1.1%, from US$2 674.7 million in the first half of 2023 to US$2 618.7 million over the same period in 2024. The slowdown in mineral revenue can be attributed to lower than initially envisaged global growth prospects.

94. Gold exports in the first half of 2024, recorded an increase of 14.6% to US$970.4 million from US$846.6 million in the comparable period in 2023. This growth was largely driven by higher global gold prices, buoyed by safe-haven demand amidst the prevailing global economic uncertainties. Continued diversification of the export base, while maintaining the

competitiveness of key mineral exports, should therefore remain a strategic priority.

Figure 25: Gold Purchases (Kg)



Source: Fidelity Gold Refinery, 2024

Platinum Group Metals (PGMs)

95. The performance of the country's platinum group metals (PGMs) exports has been erratic. While platinum prices have remained relatively stable, there were sharp declines in palladium and rhodium prices. This can be attributed to ample global supply and increased price-driven substitution in automotive and glass manufacturing, where these metals are commonly utilized. This divergent price trend within the PGMs portfolio has presented challenges for the country's mineral export earnings.

Lithium Exports

96. On a positive note, the lithium sector has witnessed significant investment and capital inflows, driven by the global transition to clean energy. Prices for lithium have, however, declined substantially due to increased global inventories and supply outpacing demand. This has led to a marginal decline

in lithium exports, from US$189.5 million in the first half of 2023 to US$185.4 million in the same period of 2024.

Agricultural Exports

97. Notwithstanding the EL-Nino-induced drought, agricultural exports increased by 29%, from US$440.8 million in the first half of 2023 to US$568.4 million in the review period. The increase was, largely driven by the growth in tobacco, horticulture, and crocodile products.

Manufactured Exports

98. Manufactured exports increased by 7.8% from US$199.6 million in the first half of 2023 to US$215.1 million in the period under review. This was primarily driven by growth in tobacco cigarettes, electrical products, refined sugar, wood and timber, and metal products.

99. The country's manufactured exports, however, continued to face persistent challenges, such as high production and market development costs, as well as the use of old and antiquated machinery and technologies, weighing down the overall competitiveness of the sector.

Merchandise Imports

100. Merchandise imports increased by 4.1% from US$4 022.6 million in the first half of 2023 to US$4 188.4 million during the comparable period in 2024. This increase was driven by higher volumes of food, fuel, raw materials, vehicles, and manufactured goods imports, which is a natural consequence of an expanding economy.

101. Food imports rose by 58.1% from US$274.5 million in the first half of 2023 to US$433.5 million during the same period, reflecting increased maize imports due to the EL Nino-induced drought, which affected 2023/24 agricultural season. Maize imports increased from US$51.9 million in the first half of 2023 to US$244.6 million for the comparable period in 2024.

Transfers

102. Personal transfers increased by 16.5% from US$1 019.2 million in the first half of 2023 to US$1 187.4 million in 2024, reflecting higher inward remittances from the diaspora, which have had a favourable impact on the current account balance.

Total Foreign Currency Payments

103. Total foreign payments funded through the local financial system (Authorized Dealers) during the first six months of 2024, amounted to US$4,254.2 million which was a 6.5% decline from the US$4,551.7 million recorded over the same period in 2023, as shown in Table 4.

Table 4: Foreign Payments by Category in US$ (January to June 2024)

Category	2024	2023	% Variance	Contribution 2024	Contribution 2023
Merchandise Imports (excl. energy)	**2,296,630,420**	**2,397,779,578**	**-4%**	**54%**	**53%**
- Raw Materials & Intermediate Goods	682,646,429	804,606,438	-15%	16%	18%
- Capital Goods	839,108,159	964,417,208	-13%	20%	21%
- Consumption & Manufactured Goods	774,875,833	628,755,932	23%	18%	14%
Energy (Fuel & Electricity)	**831,979,390**	**965,555,957**	**-14%**	**20%**	**21%**
- Fuel	745,547,592	884,656,643	-16%	18%	19%
- Electricity	86,431,799	80,899,314	7%	2%	2%
Service Payments	**470,627,152**	**439,916,962**	**7%**	**11%**	**10%**
- Technical, Professional & consultancy	192,024,040	201,981,490	-5%	5%	4%
- Software	68,592,681	65,187,086	5%	2%	1%
- Other (tourism, edu, freight etc)	210,010,431	172,748,386	22%	5%	4%
Income Payments (Profits, Dividends)	**139,209,063**	**176,073,577**	**-21%**	**3%**	**4%**
- Dividends	67,188,527	110,028,651	-39%	2%	2%
- Interest Payments	17,243,568	17,117,939	1%	0.4%	0.4%
- Other (Salaries, Expats, Rental)	54,776,968	48,926,987	12%	1%	1%
Capital Remittances (Outward)	**390,550,455**	**457,729,221**	**-15%**	**9%**	**10%**
- External Loan Repayments	300,556,171	366,190,877	-18%	7%	8%
- Disinvestments	45,165,928	45,557,407	-1%	1.1%	1.0%
- Foreign Investment	44,828,357	45,980,938	-3%	1.1%	1.0%
Other Payments	**125,218,369**	**114,639,428**	**9%**	**2.9%**	**2.5%**
- Card Payments	107,484,048	103,494,910	4%	2.5%	2%
- Refunds	17,734,321	11,144,518	59.1%	0.4%	0.2%
Total	**4,254,214,850**	**4,551,694,723**	**-6.5%**	**100%**	**100%**

Source: Reserve Bank of Zimbabwe, 2024

SECTION SIX

CONDITION AND PERFORMANCE OF THE BANKING SECTOR

104. The banking sector remains stable, safe and sound and has demonstrated capacity to withstand various shocks emanating from the dynamic operating environment.

105. The Bank remains vigilant against emerging and potential risks to the banking sector to preserve and maintain the gains from the monetary and fiscal measures. In that regard, the Bank is closely monitoring one (1) banking institution and three (3) deposit-taking microfinance institutions that are operating under a Corrective Order to deal with the identified weaknesses.

Banking Sector Architecture

106. As at 26 July 2024, the architecture of the banking sector is as shown in Table 5.

Table 5: Banking sector architecture

Type of Institution	Number
Commercial Banks	14
Building Societies	4
Savings Bank (POSB)	1
Total Banking Institutions	**19**
Non-Bank Financial Institutions Under the Supervision of Reserve Bank	
Credit-only-MFIs	245
Deposit-taking MFIs (*currently 7 are operating*)	8
Development Financial Institutions (SMEDCO, IDBZ, IDCZ and AFC Land & Development Bank)	4
Total Other Institutions	**257**
Total Number of Institutions	**276**

Source: Reserve Bank of Zimbabwe, 2024

Financial Soundness Indicators

107. The banking sector's performance remained strong, with sufficient capital and liquidity buffers, while profitability, asset quality and liquidity metrics remained overall sturdy and stable. The key financial soundness metrics are shown in Table 6.

Table 6: Financial Soundness Indicators

Key Indicators	Benchmark	Jun-23 (ZW$)	Sep-23 (ZW$)	Dec-23 (ZW$)	Mar-24 (ZW$)	Jun-24[2] (ZiG)
Total Assets	-	27.28tn	28.36tn	34.41tn	106.78tn	77.55bn
Total Loans & Advances	-	10.19tn	9.70tn	11.26tn	40.05tn	27.45bn
Net Capital Base	-	5.95tn	6.36tn	7.77tn	24.61tn	16.45 bn
Core Capital	-	5.05tn	5.10tn	6.31tn	20.12tn	14.02bn
Total Deposits	-	14.66tn	16.08tn	19.47tn	60.63tn	43.60bn
Net Profit	-	4.55tn	4.67tn	5.77tn	14.77tn	10.42bn
Return on Assets	-	26.11%	23.69%	23.97%	22.83%	13.37%
Return on Equity	-	74.60%	55.63%	68.99%	61.53%	35.74%
Capital Adequacy Ratio	12%	40.48%	43.15%	37.34%	36.99%	46.15%
Tier 1 Ratio	8%	35.35%	27.28%	25.77%	30.39%	40.13%
Loans to Deposits Ratio	-	55.96%	52.01%	49.27%	55.98%	52.51%
NPLs Ratio	5%	3.62%	2.34%	2.09%	2.17%	2.02%
Liquidity Ratio	30%	59.88%	61.74%	60.53%	61.97%	59.52%

[2] *Change in currency from Zimbabwe Dollar to Zimbabwe Gold on 5 April 2024*

Source: Reserve Bank of Zimbabwe, 2024

Banking Sector Capitalisation

108. As at 30 June 2024, the banking sector reported a strong capital position reflecting adequate buffer to absorb losses, hence well placed to execute its critical financial intermediation role. All banking institutions reported capital ratios that complied with the prescribed minimum capital adequacy ratio of 12% and tier 1 ratio of 8%.

109. The banking sector's average capital adequacy ratio and tier 1 ratios were 40.13% and 46.15%, respectively, as indicated in Table 7.

Table 7: Banking Sector Capital Ratios

Institution	Capital Adequacy Ratio (Minimum 12%)	Tier 1 Ratio (Minimum 8%)
Commercial Banks		
AFC Commercial Bank	37.20%	32.20%
BancABC	28.34%	26.55%
First Capital Bank	27.80%	20.08%
CBZ Bank	30.44%	24.32%
Ecobank	38.18%	34.45%
FBC Bank	15.44%	11.28%
Nedbank	26.00%	22.94%
Metbank	41.10%	38.90%
NMB Bank	27.12%	25.45%
Stanbic Bank	20.94%	17.68%
Standard Chartered Bank	37.63%	29.17%
Steward Bank	22.66%	18.37%
Time Bank	64.48%	64.48%
ZB Bank	19.77%	18.54%
Building Societies		
CABS	36.80%	27.07%
FBC Building Society	36.10%	30.62%
National Building Society	22.68%	22.33%
ZB Building Society	57.13%	57.05%

Source: Reserve Bank of Zimbabwe, 2024

110. The high capitalisation ratios, although indicating solvency and adherence to required minimum capital ratios, highlight headroom for improving the efficient use of capital.

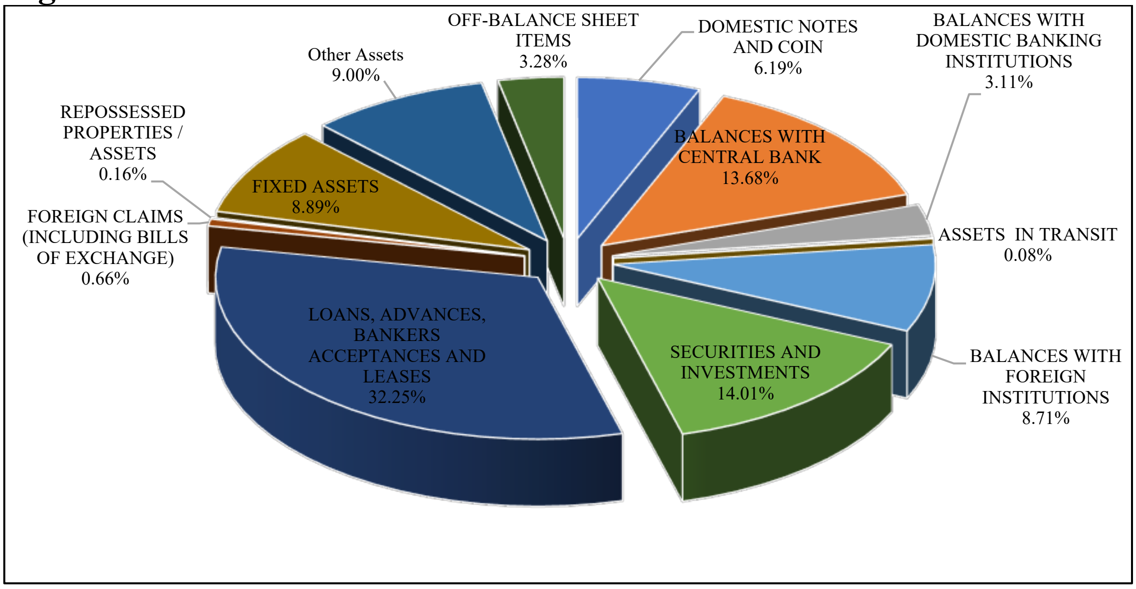
111. On the other hand, aggregate core capital amounted to ZiG14.02 billion as at 30 June 2024 and 15 out of 18 banking institutions had core capital levels above the required capital requirements. The three (3) non-compliant institutions continue to institute various measures to ensure compliance.

112. Banking institutions are encouraged to continue building and maintaining solid capital positions as strong capitalization improves the sector's resilience to shocks.

Banking Sector Asset Structure

113. Total banking sector assets amounted to ZiG77.55 billion as at 30 June 2024. The asset composition was skewed towards loans and advances constituting 32.25% reflecting the banking sector's intermediary role, while securities and investments accounted for 14.01% of total banking sector assets. Figure 26 shows the asset mix as at 30 June 2024.

Figure 26: Asset Mix as at 30 June 2024



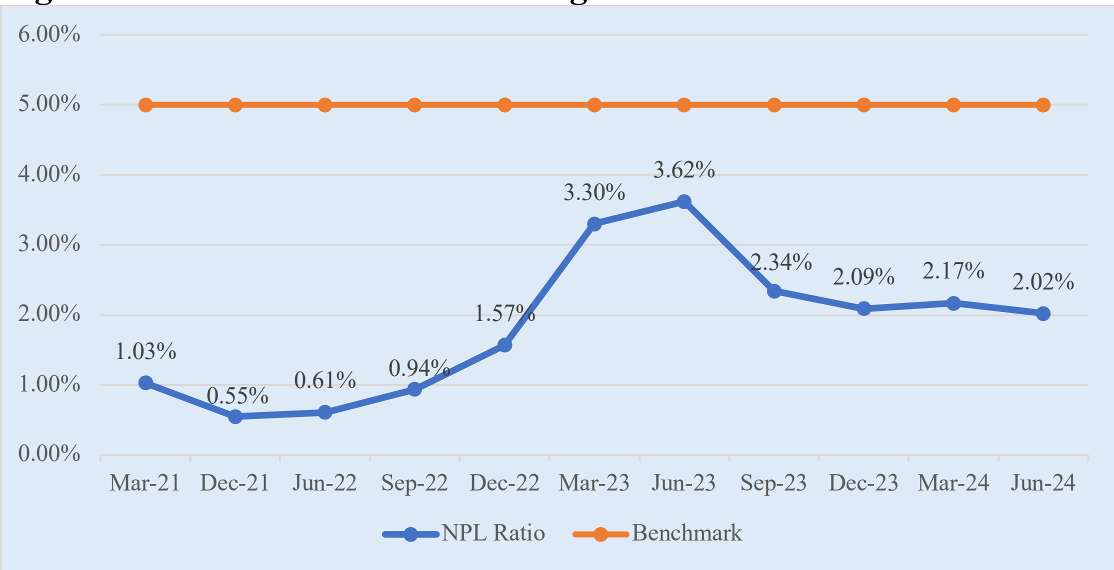
Source: Reserve Bank of Zimbabwe, 2024

Loan Portfolio Quality

114. As at 30 June 2024, banking sector asset quality metrics remained satisfactory as reflected by low levels of delinquency with an aggregate non-performing loans to total loans ratio (NPL) of 2.02% against the internationally acceptable threshold of 5%. The ratio marginally improved from 2.17% as at 31 March 2024 largely reflecting implementation of sound credit risk management systems and strong internal controls by banking institutions.

115. Figure 27 shows the trend in the non-performing loans to total loans ratio from March 2021 to June 2024.

Figure 27: Trend in Non-Performing Loans to Total Loans Ratio



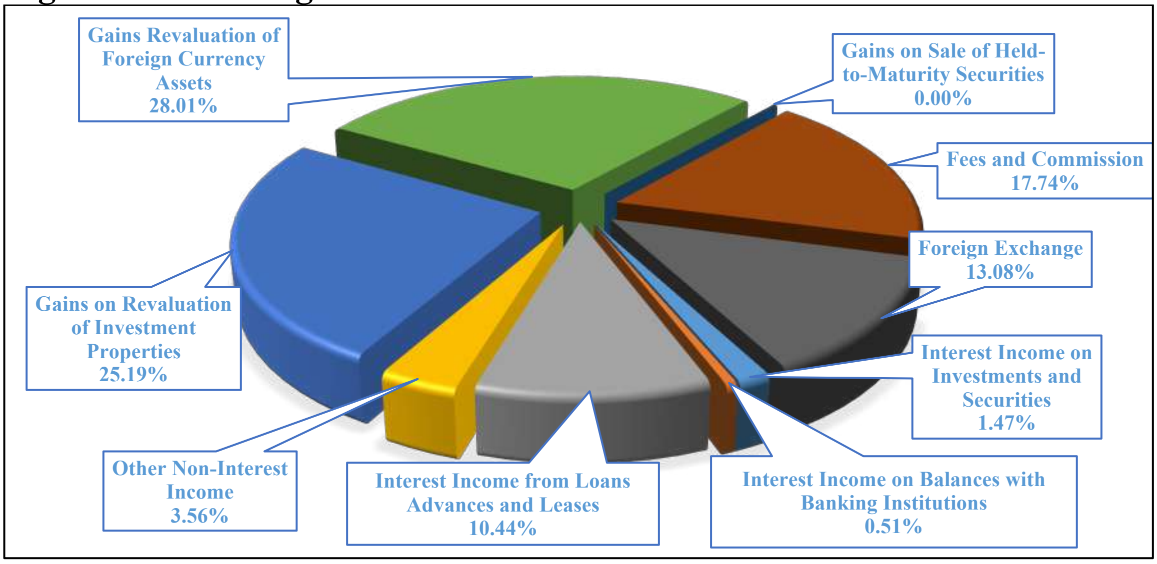
Source, Reserve Bank of Zimbabwe, 2024

Banking Sector Profitability

116. The banking sector remains profitable with all banking institutions reporting aggregate profits of ZiG10.42 billion for the half-year ended 30 June 2024.

117. The banking sector income largely emanated from non-interest income, which accounted for 87.57% of total income (ZiG16.48 billion). Reliance on non-funded income compromises the quality and sustainability of earnings. The income mix for the sector is depicted in Figure 28.

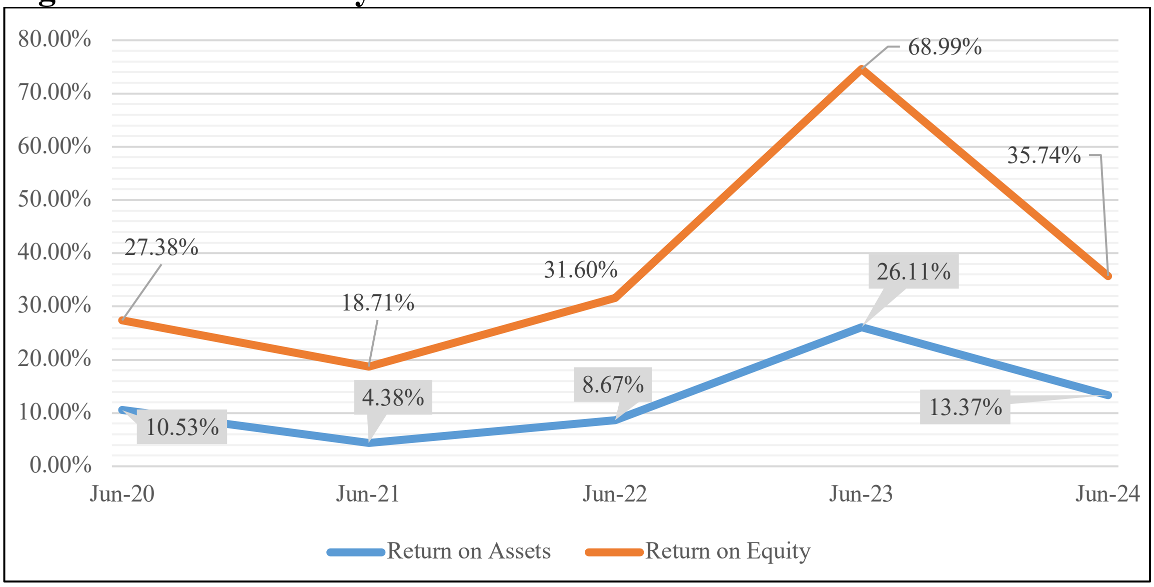
Figure 28: Banking Sector Income Mix as at 30 June 2024



Source: Reserve Bank of Zimbabwe, 2024

118. The key profitability indicators, return on assets and return on equity ratios were 13.37% and 35.74% as at 30 June 2024. The trend of banking sector profitability indicators over the period 30 June 2020 to 30 June 2024 is shown in Figure 29.

Figure 29: Profitability Indicators as at 30 June 2024



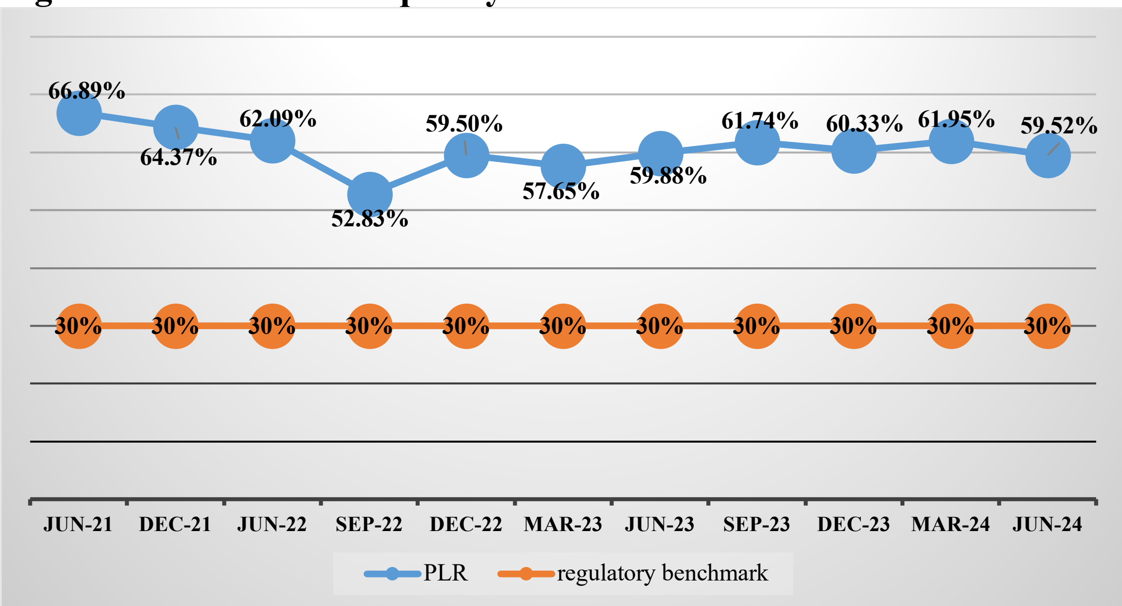
Source: Reserve Bank of Zimbabwe 2024

119. Efficiency in the banking sector as measured by the cost-to-income ratio was satisfactory at 57% as at 30 June 2024. The cost-to-income ratio is expected to improve as banking institutions continue to increase reliance on digital platforms for service delivery, as well as automation of processes that are cost-effective.

Banking Sector Deposits and Liquidity

120. As of 30 June 2024, the banking sector had an average prudential liquidity ratio of 59.52%, a marginal decline from 61.95% as at 31 March 2024. The trend in the prudential liquidity ratio from 30 June 2021 to 30 June 2024 is shown in Figure 30.

Figure 30: Prudential Liquidity Ratio Trend



Source: Reserve Bank of Zimbabwe, 2024

121. The total deposits in the banking sector amounted to ZiG43.60 billion as at 30 June 2024, largely driven by foreign currency deposits, which accounted for 79.52% of total deposits.

BANKING SECTOR DEVELOPMENTS

Bank Charges

122. Cognisant of the need for fair and affordable bank charges, the Reserve Bank continues to actively engage banking institutions to ensure affordable and accessible banking services, to promote financial inclusion and as part of market conduct supervision.

123. Furthermore, banking institutions and deposit-taking microfinance institutions were directed to exempt individual accounts maintaining a daily balance of US$100 or less (or equivalent in local currency), for a period of up to 30 days, from monthly maintenance or service fees.

124. To date, banking institutions have reported compliance with the need for fair and affordable bank charges. The Reserve Bank continues to monitor banking institutions' business conditions, including through onsite inspections to ensure compliance.

Compliance Monitoring Submission of Regulatory Returns

125. The Reserve Bank noted some cases of late submission and publication of regulatory returns and information requests made in terms of the Banking Act [Chapter 24:20] and Microfinance Act [Chapter 24:30].

126. The Reserve Bank has zero tolerance to non-compliance and supervisory action, including imposition of monetary penalties and issuance of Corrective Orders, has been instituted to enforce compliance with regulatory requirements.

127. All regulated institutions are reminded to ensure publication of financial statements within prescribed periods and submission of all regulatory returns and information requests timeously.

Sustainable Banking Practices

128. The need to adopt sustainable banking practices is a burgeoning global trend in the financial services industry. Increasingly, regulators and financial institutions are reassessing their roles in shaping a sustainable future.

129. The increasing magnitude and frequency of climate change and biodiversity loss which continues to threaten global financial and economic stability also highlights the need to enhance the adoption of sustainable banking practices.

130. It is against this background that the Bank continues to work closely with the sector in the implementation of the sustainability standards under the Sustainability Standards & Certification Initiative (SSCI) being driven by the European Organization for Sustainable Development.

131. As at 30 June 2024, 14 banking institutions and one (1) deposit-taking microfinance institution were participating under the SSCI program. Some Institutions have made good progress towards fulfilment of the certification requirements.

Climate Risk Management

132. As part of on-going operationalisation of Guideline, No 01-2023/BSD: Climate Risk Management, financial institutions were required to submit

climate risk management strategies. A review of the strategies revealed that apart from a few institutions, there is need to enhance capacity in the sector in respect of the critical levers required to drive the climate risk management agenda.

133. In this regard, the Reserve Bank is working closely with the financial sector, regional and international stakeholders to build capacity at both supervisory and financial sector level. Focus will also be placed on development and enhancement of climate risk stress testing capabilities, cognisant of uncertainties surrounding climate change pathways, as well as need to build requisite databases. Consequently, a multi-stakeholder approach is being adopted.

Climate Risk, Sustainability and Governance Management Committee

134. Cognisant of the critical climate-related and sustainability issues, the Reserve Bank has established a Climate Risk, Sustainability and Governance Management Committee within its structures. The main mandate of the Committee is to set a well-defined and communicated policy and strategy for climate risk management and the adoption and implementation of Sustainability Standards and Environmental, Social and Governance (ESG) principles throughout the Bank.

Cyber resilience assessments

135. The Reserved Bank conducted a cyber resilience assessment in the banking sector and the MFI sector as at 30 March 2024 to evaluate the sectors' ability to perceive, resist, and respond to disruptive events, in the context of the ever-changing landscape of cyber threats.

136. The assessment reflects that the sector has a satisfactory level of cyber maturity, with comprehensive and robust management systems and frameworks to identify and protect valuable data and assets, monitor risks, and respond to incidents. These systems include continuous risk monitoring, understanding the cyber perimeter, enhancing cyber intelligence, and clear action and incident response plans. These systems have proven their efficacy in instances where threats were detected, enabling institutions to act and remedy the issues in alignment with their cyber risk management protocols.

137. Financial institutions are expected to continue prioritising regular risk assessments, maintain a structured cyber management approach, and follow regulatory guidance and best practices to keep their security posture robust.

Review of the Risk Based Cyber Resilience Framework

138. The Reserve Bank is in the process of reviewing the Risk-Based Cyber Resilience Framework initially issued to the market in 2021, to provide multi-dimensional guidance to the financial sector on cybersecurity and risk management. This initiative is part of the Bank's proactive strategy to keep pace with the dynamic nature of cyber threats and to ensure banks are prepared to handle and reduce these risks effectively.

139. The revised framework will be instrumental in shaping the cyber resilience strategies of supervised institutions and ensuring the stability and security of the financial sector. The enhanced framework, currently at the consultation phase with stakeholders, will be issued during the third quarter of 2024.

PERFORMANCE OF THE MICROFINANCE SECTOR

140. The microfinance sector continues to play a critical role in promoting financial inclusion, improvement of livelihoods and contributing to sustainable economic growth.

141. As at 30 June 2024, there were 253 registered microfinance institutions, comprising 245 credit-only and eight (8) deposit-taking microfinance institutions.

Microfinance Sector Loan Portfolio

142. The microfinance sector remains the major source of credit for the marginalized communities and the micro, small and medium enterprises. As at 30 June 2024 the sector had a total loan portfolio of ZiG2.08 billion, with 54.89% (ZiG936.82 million) being channelled towards productive sectors of the economy.

143. Portfolio quality for the sector marginally improved as reflected by a decrease in the Portfolio at Risk (PaR) (>30 days) ratio, to 9.54% as at 30 June 2024, from 10.63% as at 31 March 2024. However, the PaR was unfavourably higher than the international benchmark of 5%.

Microfinance Sector Profitability

144. For the half year ended 30 June 2024, the microfinance institutions recorded an aggregate net profit of ZiG316.85 million. The sector remained operationally sustainable as reflected by the operational self-sufficiency ratio of 176.81%.

Microfinance Sector Capitalization

145. As at 30 June 2024, microfinance institutions reported an aggregated equity of ZiG1.06 billion. A total of 36 credit-only microfinance institutions and four (4) deposit-taking microfinance institutions namely Lion Microfinance Bank, EmpowerBank, Zimbabwe Women's Microfinance Bank and Getbucks Microfinance Bank were not complying with the minimum capital requirement of ZiG equivalent to US$25,000 and US$5 million, respectively.

146. With a view to strengthen their capital positions, the non-compliant institutions are pursuing a range of recapitalisation initiatives, which include organic growth of capital and capital injections by shareholders. The Bank continues to closely monitor progress being made by the non-compliant institutions.

DTMFIs Subsector Deposits and Liquidity

147. The DTMFIs sub-sector had an average prudential liquidity ratio of 112.81% as at 30 June 2024, an increase from 92.35% as at 31 March 2024. The ratio was above the prudential minimum threshold of 30%.

148. Aggregate deposits for the DTMFI sub-sector amounted to ZiG430.13 million as at 30 June 2024. On a quarter-on-quarter basis, notwithstanding the deposit levels remaining low, there is an upward trend in deposits in the subsector reflecting growing consumer confidence.

FINANCIAL INCLUSION

149. Implementation of the National Financial Inclusion Strategy (NFIS) II (2022-2026) is on-going, to ensure an inclusive financial sector in Zimbabwe.

150. The upward trajectory of the uptake and usage of financial services by the target groups is expected to continue, in line with the increased adoption of digital financial services and financial literacy programs.

Financial Literacy & Consumer Education

151. Financial literacy, which is a key pillar in the National Financial Inclusion II, remains pivotal in facilitating increased usage of financial services, through developing knowledge and skills that promote responsible financial behaviour and enable consumers to make informed financial decisions.

Persons with Disabilities

152. Banking and microfinance institutions are required to facilitate access to and usage of financial services by persons with disabilities through development of appropriate infrastructure. The Bank is pleased to note that some banking and microfinance institutions are taking concrete measures to improve their infrastructure to suit the needs of people with disabilities.

Digital Financial Literacy

153. Banking and microfinance institutions have put in place programs to enhance financial inclusion and usage of financial services through digital financial literacy programs.

154. The Bank urges the communities to embrace the various digital financial services delivery channels that are being offered by the financial institutions as the country transitions towards a cash lite society.

Financial Inclusion Indicators

155. Financial service providers continue to foster initiatives that enhance access to and usage of financial service products, as indicated by the general positive movement in financial inclusion indicators during the review period.

156. Proportion of loans to the NFIS II targeted segments of women, MSMEs and youth increased from 6.62%, 3.73% and 3.08% as at 31 March 2024, to 8.05%, 5.25% and 4.03% as at 30 June 2024, respectively.

157. Correspondingly, low-cost accounts increased from 3.63 million to 3.82 million as at the same period, reflective of the Bank's 2024 Monetary Policy Statement resolution to promote a savings culture through exemption of maintenance fees for low-cost accounts.

158. The trend in the movement of the financial inclusion indicators during the review period is shown in Table 8.

Table 8: Financial Inclusion Indicators as at 30 June 2024

Indicator	June 2023	Sept 23	Dec 23	Mar 24	June 24
Currency	**ZW$**	**ZW$**	**ZW$**	**ZW$**	**ZiG**
Number of Loans to MSMEs	9,307	9,467	8,307	8,237	8,660
Average loans to MSMEs as % of total bank loans	4.58	3.87	4.96	3.73	5.25
Number of Loans to Women	206,886	200,894	185,326	190,501	189,763
Average loans to women as a % of total bank loans	3.64	4.48	7.76	6.62	8.05
Number of Loans to Youth	54,309	65,587	57,216	58,636	52,392
Average loans to the youth as a % of total bank loans	2.72	3.29	3.15	3.08	4.03
Total number of Active Bank Accounts (Million)	7.33	8.02	7.69	7.02	6.62
Number of Low-Cost Bank Accounts (Million)	2.35	3.5	3.75	3.63	3.82

Source: Reserve Bank of Zimbabwe, 2024

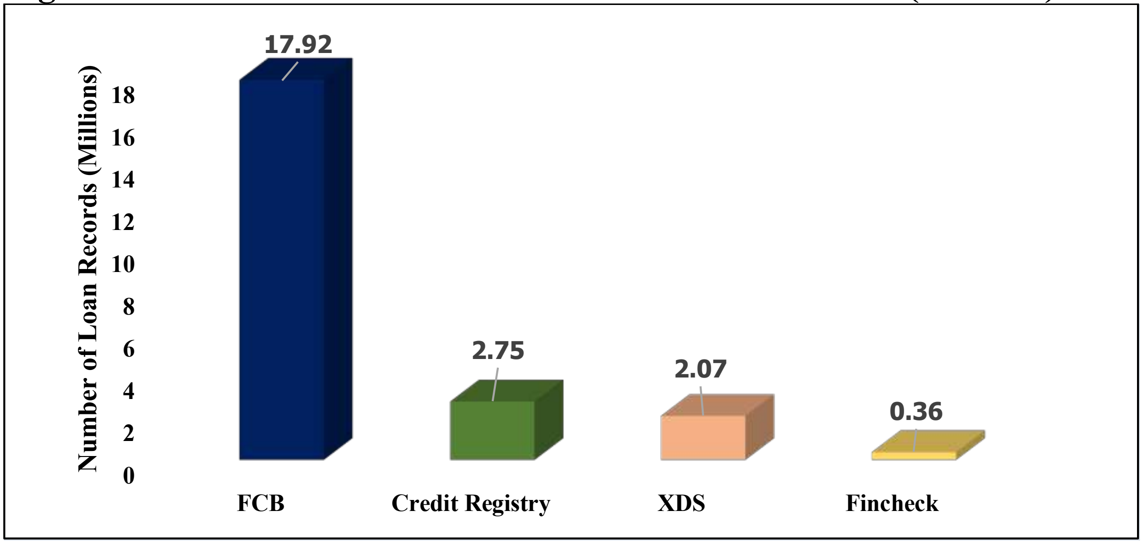
CREDIT INFRASTRUCTURE

Credit Registry

159. The database of loan records and credit histories maintained by the credit registry and the three (3) private credit bureaus has grown significantly over the years. These credit records have contributed to the improvement in access to credit, credit history and has positively influenced financial inclusion and financial stability. In addition, the credit information sharing infrastructure has been instrumental in reducing the risks associated with non-performing loans, further supporting the health of the financial sector.

160. As at 30 June 2024, a combined total of 23.10 million searchable records among the four (4) credit reporting institutions was available as shown in Figure 31.

Figure 31: Cumulative Loan Records as at 30 June 2024 (millions)



Source: Reserve Bank of Zimbabwe, 2024

Collateral Registry

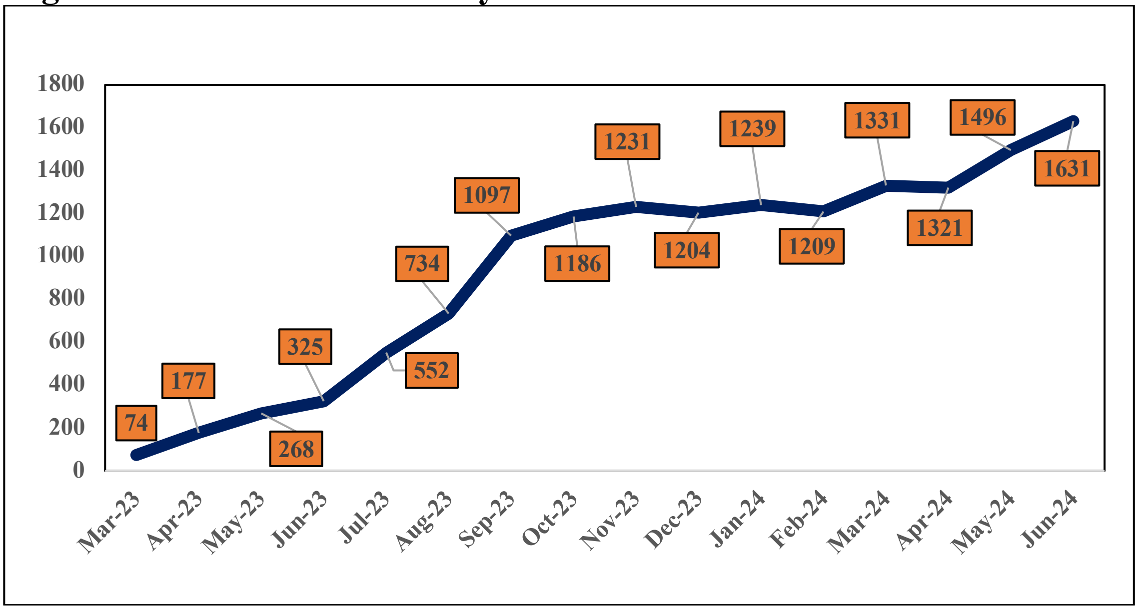
161. The Collateral Registry, which was established in November 2022, has been instrumental in enabling individuals and businesses to utilize their movable assets as collateral for credit thereby enhancing access to financing, promoting financial inclusion, and stimulating economic growth.

162. The broad accessibility ensures that a diverse range of financial entities can efficiently register and search security interests in movable property, thereby enhancing the transparency and reliability of collateral-based lending.

163. As at 30 June 2024, the system had a total of 78 institutional users, up from 57 recorded as at 31 December 2023, reflecting the growing outreach of the Collateral Registry system.

164. The number of registered movable assets increased by 402% from 325 as at 30 June 2023 to 1,631 as at 30 June 2024, as illustrated in Figure 32.

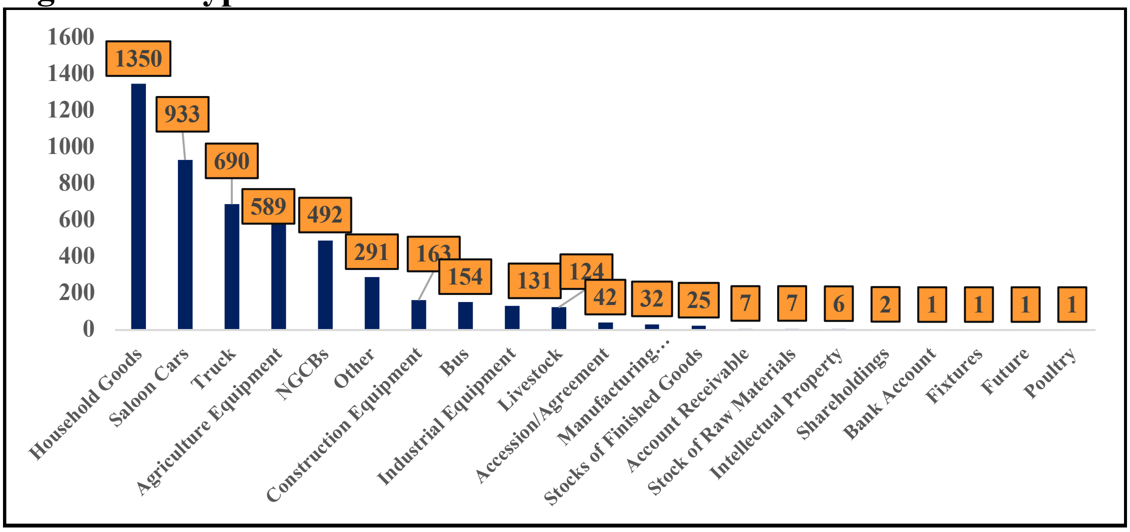
Figure 32: Number of Security Interest Notices as at 30 June 2024



Source: Reserve Bank of Zimbabwe, 2024

165. The collateralized movable assets predominantly comprised household goods, private vehicles, trucks, and agricultural equipment, as detailed in Figure 33.

Figure 33: Types of Collateral as at 30 June 2024



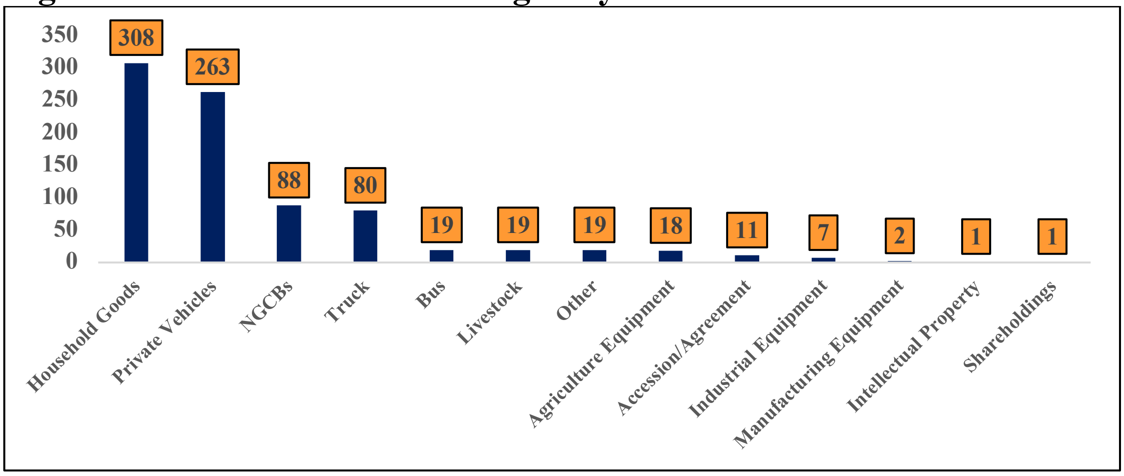
Source: Reserve Bank of Zimbabwe, 2024

166. The distribution largely highlights the diverse range of movable assets being leveraged to secure credit reflecting the Registry's ability to support various

economic sectors and individual borrowers, and consequently enhancing financial inclusion and economic participation.

167. As at 30 June 2024, it was noted that there was a significant trend in asset-backed lending among women borrowers, who have utilized a wide variety of movable assets to secure credit. It was noted that household goods represent a substantial fraction of the total movable collateral provided by women as illustrated in Figure 34.

Figure 34: Total Collateral Pledged by Women as at 30 June 2024



Source: Reserve Bank of Zimbabwe, 2024

168. As at 30 June 2024, collateral pledged for MSME-related borrowing encompassed various assets such as trucks, construction equipment, agricultural equipment, and Notarial General Covering Bonds (NGCBs).

169. Lending institutions are required to register movable assets accepted from their borrowing clients on the Collateral Registry system. On its part, the Reserve Bank, shall continue with outreach programmes across the country to promote awareness of the Collateral Registry.

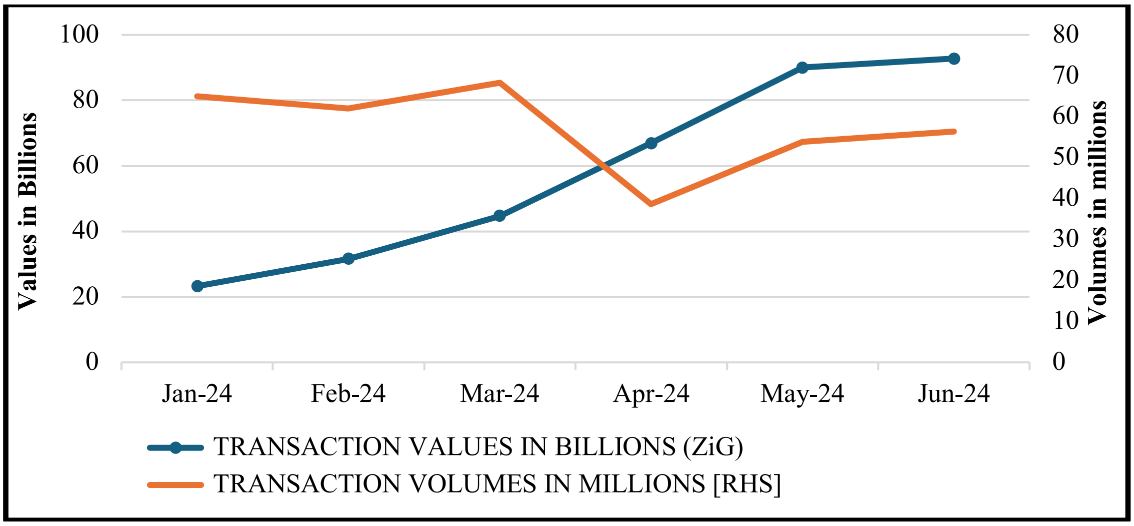
NATIONAL PAYMENT SYSTEMS DEVELOPMENTS

170. During the period under review, the payment system services sector comprising of local, regional and international financial market infrastructures (FMIs) as well as 26 participant banks remained sound, safe and stable characterized by sustained growth in transactional activities.

171. In line with the National Financial Inclusion Strategy II, the Reserve Bank continued to co-operate with other regulators and consumer protection organs on education and awareness campaigns and promoting the use of the new local currency ZiG, across the country's provinces.

172. The aggregated digital payments transaction values for the six months ending 30 June 2024 were on an upward trajectory increasing by a monthly average of 33% whilst volumes remained static.

Figure 35: Digital Payments Transaction Values and Volumes from Jan - Jun 2024[3]



Source: Reserve Bank of Zimbabwe, 2024

[3] **Digital Payments Include Transactions conducted on the RTGS, Card, Mobile Money, Mobile Apps and Online platforms.**

Real Time Gross Settlement (RTGS)

173. As of 30 June 2024, the value of transactions processed through the RTGS system was ZiG70.05 billion and US$13.12 billion with volumes at 2.67 million and 2.84 million, respectively.

174. Following the introduction of ZiG, its usage has increased, resulting in a shift in the Real-Time Gross Settlement (RTGS) values ratio between the USD and local currency to 61:39.

175. During the first six months of 2024, Zimbabwean commercial banks processed 1,884 transactions valued at ZAR3.15 billion on the SADC-RTGS.

176. During the same period, a total of 344.17 million transactions valued at ZiG349.34 billion were processed through the national payment system as indicated in Tables 9 and 10.

Table 9: Monthly Transaction Values in ZiG Billions from January 2024 to June 2024

TRANSACTION VALUES IN BILLIONS (ZiG)							
	RTGS	**ATM**	**POS**	**Mobile**	**Internet**	**Values Total**	**Total Change**
Jan-24	11.32	0.74	0.76	1.64	8.81	23.27	38%
Feb-24	15.33	1.07	1.14	2.21	11.83	31.59	36%
Mar-24	24.19	1.79	1.58	2.22	14.94	44.71	42%
Apr-24	41.32	2.80	2.06	4.77	16.00	66.94	50%
May-24	53.74	3.36	3.34	7.06	22.55	90.04	34%
Jun-24	51.05	3.86	3.84	8.12	25.93	92.79	3%
TOTAL	**196.94**	**13.61**	**12.72**	**26.01**	**100.06**	**349.34**	
Proportion	**56.4%**	**3.9%**	**3.6%**	**7.4%**	**28.6%**	**100.0%**	

Source: Reserve Bank of Zimbabwe, 2024

Table 10: Monthly Transaction Volumes in Millions from January 2024 to June 2024

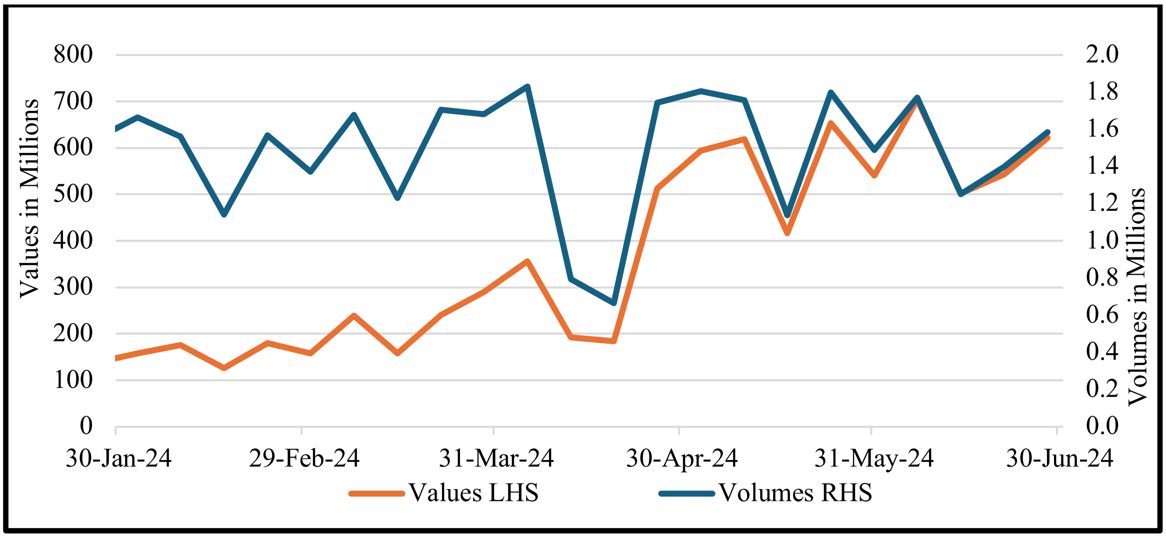
TRANSACTION VOLUMES IN MILLIONS							
MONTH	RTGS	ATM	POS	Mobile	Internet	Total Volumes	Total Change
Jan-24	0.91	0.71	10.02	52.44	0.88	64.97	-9%
Feb-24	0.89	0.74	7.87	51.56	0.90	61.96	-5%
Mar-24	0.94	0.73	7.57	58.15	0.92	68.31	10%
Apr-24	0.79	0.74	5.73	30.45	0.94	38.65	-43%
May-24	1.05	0.90	7.95	42.29	1.69	53.88	39%
Jun-24	0.93	0.94	8.35	44.41	1.77	56.40	5%
TOTAL	**5.51**	**4.76**	**47.48**	**279.30**	**7.11**	**344.17**	
Proportion	**1.6%**	**1.4%**	**13.8%**	**81.2%**	**2.1%**	**100.0%**	

Source: Reserve Bank of Zimbabwe, 2024

Interoperability

177. The interoperability transactions values processed for retail digital transactions continued to trend upwards with June 2024 reaching ZiG622 million, as shown in Figure 36.

Figure 36: Interoperability transactional values and volumes from Jan 2024 to Jun 2024



Source: Reserve Bank of Zimbabwe, 2024

Access Devices and Points

178. All access devices, except for mobile money subscribers, recorded a growth during the period under as shown in Table 11.

Table 11: Payment Access Points and Devices as of June 2024

PAYMENTS SYSTEMS ACCESS POINTS						
	Jan-24	**Feb-24**	**Mar-24**	**Apr-24**	**May-24**	**Jun-24**
ATMs	396	397	397	401	401	401
POS	139,571	140,516	133,021	134,917	133,883	133,961
MPOS	29,213	29,094	30,130	30,273	29,285	29,311
PAYMENT SYSTEMS ACCESS DEVICES						
Debit Cards	5,791,208	5,809,229	6,009,483	6,020,863	5,846,571	5,766,583
Credit Cards	18,188	18,526	18,574	18,600	18,763	18,927
Prepaid Cards	101,920	103,319	108,913	109,347	110,138	140,228
Mobile Money Subscribers	9,084,991	10,039,633	10,226,072	7,463,712	9,316,790	9,530,064
Internet Banking Subscribers	489,129	506,369	519,779	508,684	525,325	538,113

Source: Reserve Bank of Zimbabwe, 2024

Anti-Money Laundering

179. The Reserve Bank continues to implore payment services operators to heighten their money laundering, terrorist financing, and cyber risk assessments on an ongoing basis, through implementing effective risk-based digital transaction monitoring.

180. The Central Bank remains committed to supporting the sector in these critical efforts and proactive measures in line with public interest objectives of safety, efficiency, reliability and stability.

SWIFT Customer Security Programme Self-Assessment

181. Financial institutions have continued to uphold the SWIFT Customer Security Program (CSP) requirements to promote cybersecurity within the

SWIFT user community and to enhance industry-wide collaboration in the fight against cyber threat.

182. The Reserve Bank encourages banking institutions to implement the SWIFT CSP on other payment platforms such as RTGS, cards and mobile on a risk-based approach basis to align to international best practice.

Card, POS and ATMs EMV Compliance

183. Significant progress has been made in the implementation of global technical standards for card payments compliance with the Europay, MasterCard and Visa (EMV) requirements. ATMs, POS have achieved 100%, while cards are at 95%. EMV compliance will contribute to maintenance of security, integrity and trustworthiness of the payment ecosystem thereby safeguarding consumers and businesses.

SWIFT ISO 20022 Migration from MT Messages

184. The Reserve Bank is pleased with the significant progress made by the banking community in working towards full compliance with the outstanding SWIFT cross-border payment processes as part of the ISO 20022 program.

185. In this regard, eleven (11) banks out of fifteen (15) are live on outgoing messages whilst all fifteen are live on incoming messages.

186. The remaining four banks are urged to intensify their efforts so that the market achieves full migration to ISO 20022 ahead of the SWIFT global deadline of November 2025.

SECTION SEVEN

MONETARY POLICY STANCE

187. The Recalibrated monetary policy has resulted in relative stability of the exchange rate and inflation in the economy. As such, the monetary policy stance in the ensuing six months should consolidate the current stability and ensure that inflation expectations remain well anchored in the short to medium term. ***To support consistency and predictability in the currency, the monetary policy measures will focus on incremental policy formulation and implementation rather than policy shifts and reversal.*** This is aimed at addressing any emerging risks and shocks to the stability.

i. Monetary Policy Framework

188. The stability in the exchange rate has greatly assisted in anchoring inflation expectations, given the strong pass-through of the exchange rate depreciation to inflation. In this context, the Reserve Bank will continue to use a hybrid monetary anchor with the exchange rate as an intermediate target. To ensure that the exchange rate remains stable, the Reserve Bank will keep reserve money growth under check.

ii. Interbank Foreign Exchange Market

189. The Reserve Bank has been strategically intervening in the market using 50% of the surrender export proceeds to ensure that bonafide and genuine pipeline demand from banks is satisfied.

190. The Reserve Bank will continue to participate in the foreign exchange market to liquefy the foreign exchange market with 50% of the 25% export surrender to ensure operational flexibility within the supply and demand dynamics.

iii. Cash Availability

191. The Reserve Bank is satisfied by the general acceptance and uptake of ZiG in the economy. To ensure increased circulation of ZiG in the economy the following measures will be undertaken:

  i. Increase the injection of cash in line with demand while preserving the ongoing initiatives to entrench the country's cash-lite economy;
  ii. Continue to inject more small ZiG denominations into the economy to ease the problem of change and eliminate the rounding up of prices by businesses;
  iii. Work to smoothen the glitches that have been observed in the distribution of cash and ensure that ZiG reaches the remote and rural areas and the informal markets to effectively foster financial inclusion; and
  iv. Expand initiatives such as the Homelink Swipe for ZiG kiosks and related arrangements to other provinces, towns, and business centres to increase the wide usage of ZiG.

iv. Interest Rate Policy

192. The Reserve Bank will continue to apply Open Market Operations (OMO) to ensure that interest rates are around the benchmark interest rate as determined by the Monetary Policy Committee (MPC) from time to time.

193. Given the stability of inflation and exchange rate, the Bank policy rate and the corresponding interest rate corridor will be maintained at 20% and 11-25%, respectively.

194. The monetary policy stance remains tight given the positive interest rates, consistent with maintaining financial stability, stable inflation, and supporting economic recovery.

v. Statutory Reserves

195. To ensure continued financial sector stability, the statutory reserves for call and demand deposits for local currency and foreign currency will be maintained at 15% and 20%, respectively.

196. The statutory reserve requirements for savings and time deposits will remain at 5% for both currencies.

vi. Bank Charges

Exemption of Bank Charges

197. The Reserve Bank has noted that most banks have stopped charging monthly maintenance or service charges for individual bank accounts with a conservative daily balance of US$100 and below or its equivalent in ZiG for a period of up to 30 days.

198. The Reserve Bank is calling on banks that are yet to align their systems to do so immediately.

199. The exemption for monthly bank maintenance or service charges for accounts with a conservative daily balance of US$100 or below shall be extended to Micro, Small and Medium Enterprises (MSMEs) with effect from 1 September 2024.

Promoting Digital Transactions

200. To further promote the use of electronic means of payment, the Reserve Bank is with effect from 1 September 2024, exempting electronic transactions of less than US$10 or the ZiG equivalent from bank charges. This measure will remove the cost of using electronic means of payments by according such transactions a near-cash characteristic, consistent with the Reserve Bank's drive towards digital cash.

vii. Enforcement of Pricing in ZiG

201. The Reserve Bank wishes to reiterate that the country is in a multicurrency environment and in that regard, all domestic transactions must be settled in either ZiG or foreign currency. In this context, all economic agents are expected to adhere to the multicurrency system in place.

viii. Refinement of the Non-Negotiable Certificates of Deposits (NNCDs) for Outstanding Export Surrender and Auction Backlog Obligations

202. All outstanding payments for foreign exchange purchased by Treasury under the 25% surrender requirements and all outstanding auction allotments during the transition period from ZWL to ZiG which were supposed to be issued with NNCDs for one (1) year and 24 months, respectively have been refined from NNCDs to tradable Government bonds.

ix. Liquidity Management

203. The Reserve Bank will in the transitional period continue to use non-negotiable certificates of deposits (NNCDs) to manage liquidity.

204. The Reserve Bank will, however, tighten the liquidation rules to ensure that the monetary policy stance remains tight enough to engender price and financial stability.

205. The Reserve Bank will continue to redeem the existing Gold Backed Digital Tokens (GBDT) and gold coins in the customer's currency of choice. There will be no new issuances of these instruments.

x. Cyber Resilience

206. As technology continues to transform the financial services landscape, it is presenting both opportunities and challenges to the banking sector. To manage the risks which are posed by the new technologies, banking institutions are required to continually assess and fortify their cybersecurity measures, as well as maintain active surveillance and ensure that detection and prevention tools are primed to respond to any suspicious activity swiftly.

207. Further, banking institutions are required to review and enhance their cyber incident management frameworks to explicitly include comprehensive recovery activities, detailing procedures for returning to normal operations or to a pre-defined, acceptable level of functionality.

208. In that regard, banking institutions are required to submit updated Cyber Incident Management Framework with a particular emphasis on recovery protocols to the Reserve Bank by 30 September 2024. This submission

which should outline the institution's preparedness to manage and recover from cyber incidents effectively and should be accompanied by simulation test results conducted in 2024.

xi. AML/CFT/CPF Supervision

209. Robust anti-money laundering, combating financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/CPF) frameworks is critical for fostering financial stability.

210. As part of measures to promote strong AML/CFT/CPF supervisory frameworks, the Bank continues to undertake various AML/CFT/CPF supervisory activities including banking sector AML/CFT/CPF risk assessments, as well as conducting onsite and offsite supervision of banks and microfinance institutions.

211. In this regard, banking and microfinance institutions should pay more attention to the following areas:
   v. ensure collection and verification of ultimate beneficial ownership information for their legal person and other legal arrangements customers.
   vi. enhance their transaction monitoring systems, both automated and manual systems to effectively detect suspicious transactions; and
   vii. effectively evaluate the ML/TF/PF risks posed by new products including digital products.

OTHER SUPPORTING POLICIES

xii. Fiscal Policy Measures

212. The Reserve Bank acknowledges supporting fiscal policy measures put in place by Government in the 2024 Mid-Term Budget aimed at enhancing the demand for ZiG which include the following:

    i. Amending of the corporate income tax legislation to allow Corporate Income Tax in both local and foreign currencies on a 50:50 basis, or with the option to settle such obligations in line with the proportions in which income is earned;
    ii. Payment of all Presumptive Taxes in local currency, regardless of currency of trade; and
    iii. Payment of customs duty in local currency on selected products.

213. The above measures will go a long way in increasing the demand for ZiG and ensure its stability in the short to medium term.

xiii. Cash-Lite Support Measures

214. The Reserve Bank has recognized the mandatory requirement by the Government for all traders to have point-of-sale (POS) terminals. This requirement aligns with the Reserve Bank's policy aimed at promoting a cash-lite economy. The Reserve Bank will, however, continue to inject sufficient cash into circulation to facilitate smooth transactions for the public.

SECTION EIGHT

ECONOMIC OUTLOOK

215. The favourable external sector, monetary, and financial conditions prevailing in the economy following the adoption of the structured currency (ZiG) needs to be safeguarded at all costs. The Reserve Bank will remain strongly committed to 'walking the talk' of prudent money supply management and ensuring that the monetary policy stance is well-calibrated and engenders the desirable conditions of currency and exchange rate stability in the economy.

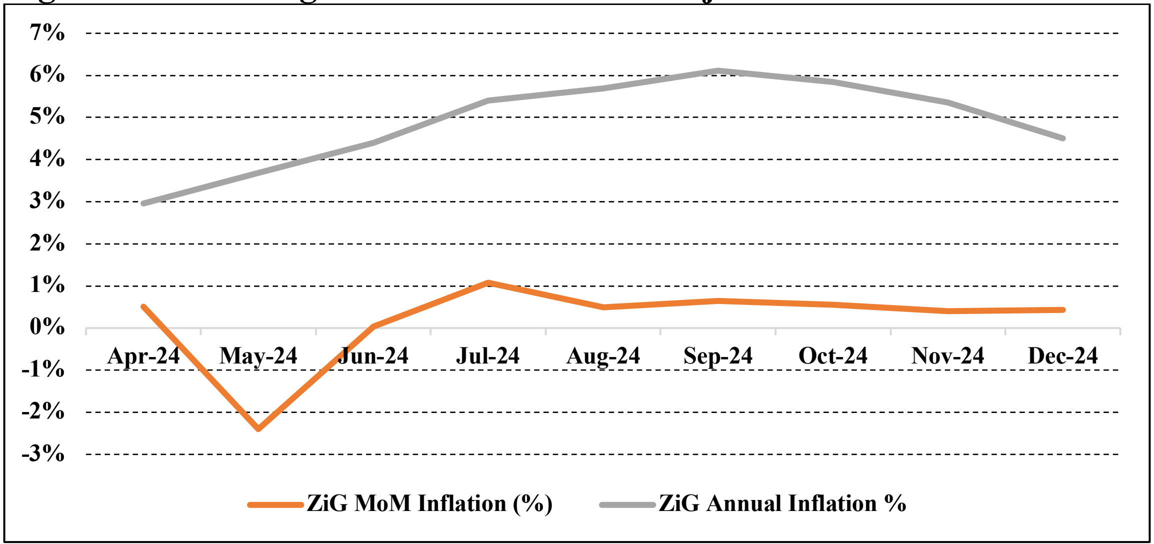
Economic Growth Prospects

216. The expected recovery in the agriculture output, combined with ongoing investment projects in gold and lithium mining and iron and steel production will boost output, thereby, improving the medium-term growth prospects. These factors together with the ongoing currency stability will combine to boost the country's growth potential to above 6 percent in 2025 and beyond.

Inflation Outlook

217. Reflecting the currency stability envisaged in the outlook period, the country will be able to realise the envisaged inflation path of less than 5% by year-end as depicted in Figure 37.

Figure 37: Exchange Rate and Inflation Projections for 2024



Source: Reserve Bank of Zimbabwe, 2024

Balance of Payments Outlook

218. On the external sector, merchandise exports are expected to close the year at US$7 330.4 million, a 1.8% increase from US$7 251.9 million in 2023 despite the subdued lithium and PGMs exports. On the other hand, merchandise imports are likely to end the year at US$8 999.4 million, 4% up from US$8 656.4 million in 2023 attributed to increases in grain, fuel, and raw material imports.

219. Given this, the country's current account balance is expected to narrow from a surplus of US$133.9 million in 2023 to a surplus of US$44.5 million in 2024. The favourable balance of payments will support the exchange rate stability going forward.

Financial Stability Outlook

220. The long-run trends in financial soundness indicators suggest that the banking sector's performance is expected to remain strong, with sufficient

capital and liquidity buffers, while profitability, asset quality and liquidity metrics will also remain stable.

SECTION NINE

CONCLUSION

221. The recalibrated monetary policy framework has brought currency stability which is critical for fostering certainty and predictability in the country's monetary and financial affairs. The currency stability has also boosted confidence in the ZiG currency as indicated by a significant improvement in perceptions on its acceptance. In this context, the Reserve Bank remains steadfast in fulfilling its statutory mandate of achieving and maintaining currency, exchange rate and financial sector stability.

222. The Reserve Bank, through the MPC, will continue to communicate its monetary policy stance to provide the appropriate forward guidance to economic agents, consistent with its core values of transparency and accountability to Government and the general public.

223. The MPC is strongly committed to its inflation target of 5 percent and remains highly watchful of emerging risks to mitigate the potential impact of high inflation on the economy. The Reserve Bank will, therefore, continue to sustain the ongoing stability by ensuring that emerging risks and vulnerabilities are properly identified and promptly addressed.

THANK YOU AND GOD BLESS ZIMBABWE

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