



**PRESS STATEMENT ON THE UNVEILING OF BOND COINS ISSUED BY
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The purpose of this press conference is to unveil the bond coins to the public in line with the announcement that the Reserve Bank of Zimbabwe made in the Monetary Policy Statement in August 2014.

The bond coins are going to be issued in denominations of 1c, 5c, 10c, 25c and 50c. The 50c coins shall be released into the market in March 2015 due to the prerequisite security features needed in the design and manufacture of this coin.

The economics of the bond coins is that they are being introduced to buttress the multiple currency system through the provision of change especially for the US\$ notes which have a smallest denomination in circulation in Zimbabwe of US\$1. The Reserve Bank is therefore addressing the divisibility and store of value qualities of money through this initiative which has already received significant support

from the Consumer Council of Zimbabwe, business organisations and financial institutions.

The bond coins would be at par with the US cents i.e. trading one for one with US cents. This is necessary to complete the divisibility series of the US\$ for the benefit of both consumers and businesses.

Our expectation is that the introduction of bond coins would necessitate correct pricing for goods and services which hitherto was constrained by the absence of an appropriate system of coins. These coins shall therefore go a long way in mitigating the country's lopsided pricing structure for the convenience of consumers.

The bond coins derive their name from the US\$50 million bond coin facility that the Reserve Bank arranged for the purpose of providing the coins with intrinsic value. The bond coins would therefore be a good store of value.

Consumers and businesses would be able to exchange the coins for paper money at their banks.

The initial amount to be made available is US\$10 million worth of bond coins to be released into the market between December and March 2015. This translates to just below 2% of total bank deposits. Under

normal circumstances, the proportion of coins to money in circulation in an economy is between 20 to 25%. However due to the fact that Zimbabwe is using multiple currencies, we envisage the bond coins to remain below 10% of total bank deposits.

For transparency and accountability purposes, the Reserve Bank shall ensure that the whole process is subject to public scrutiny and that both the value and quantity of bond coins in circulation are subject to audit by reputable institutions. We have already engaged and appraised the Institute of Chartered Accountants of Zimbabwe in this regard.

The bond coins shall be distributed to the public through normal banking channels and shall be in circulation starting 18 December 2014. Their circulation is limited to Zimbabwe.

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