



PRESS STATEMENT

USE OF VIRTUAL CURRENCIES IN ZIMBABWE

The use of virtual currencies or cryptocurrencies is on the increase both locally and globally and there are entities that are facilitating the purchase and sale of virtual currencies in and outside the Zimbabwe. There are many virtual currencies in circulation, with Bitcoin being one of the most popular.

“Virtual currency” is defined by the Financial Action Task Force (FATF), as “a digital representation of value, that can be digitally traded and functions as (1) a medium of exchange; and /or (2) a unit of account; and / or (3) a store of value, but does not have legal tender status.”

Virtual currency is different from **fiat currency** (also known as **real currency, real money** or **national currency**) which is the coin and paper money of a country that is designated as its legal tender. Virtual currency is also not the same as e-money, which is used to electronically represent and transfer value denominated in fiat currency.

Virtual currencies are not only unregulated but are also neither issued by public authority nor guaranteed by the State. In this regard virtual currencies are not in any way attached to notes and coins circulating in the country. Virtual currencies do not have legal tender status in Zimbabwe or in any jurisdiction in the world.

Virtual currencies are attractive to money launderers and other criminals because of the supposed anonymity and ease with which transactions can be conducted, on the internet and across borders.

The Reserve Bank of Zimbabwe wishes to advise members of the public that the use of and trading in cryptocurrencies or virtual currencies is not

regulated by the country's laws and presents risks such as money laundering, terrorism financing, tax evasion and fraud. Under the existing legal and regulatory dispensation, any person who invests in virtual currencies or participates in any transaction involving virtual currencies, does so at own risk and will not have legal protection from, or recourse against, any regulatory authority.

Dr J P Mangudya

Governor

20 December 2017