



PRESS STATEMENT

WARNING TO BUSINESSES AND THE PUBLIC AGAINST ILLICIT CASH DEALINGS

1. The gap between the demand and supply of foreign exchange is engendering undesirable practices that include illicit cash dealings and rent seeking behaviour that are exacerbating the inefficient use of scarce foreign exchange resources within the national economy.

Selling of Cash Against RTGS Balances

2. Some business entities and individuals are reported to be selling cash, at a premium, against RTGS or bank transfers from the cash buyers' accounts.
3. Some cash-generating businesses, especially retailers and wholesalers, have not been banking all their cash receipts, as required under the Bank Use Promotion Act [Chapter 24:24]. Instead, they offer the cash to companies and individuals, who would make RTGS or inter-account transfers of the equivalent amount, plus an agreed premium, into the cash vendor's account.

4. In some cases, the illicit cash buyers make third-party RTGS payments to suppliers of goods and services, on behalf of some businesses, in return for corresponding cash payments from the business entities.
5. Such practices are not only illegal, but also have negative effects on the economy as they hamper the efficient and equitable circulation of scarce foreign exchange resources within the economy through the banking system.
6. The underhand cash transactions also promote and encourage money laundering, tax evasion and cash smuggling out of the country.
7. The Reserve Bank of Zimbabwe wishes to warn businesses and individuals engaging in these illicit practices to desist forthwith.
8. **With immediate effect, suppliers of goods and services shall not accept RTGS or inter-account transfers made by third parties on behalf of their customers. For the avoidance of doubt, a supplier or service provider shall only accept payment emanating from the bank account of the customer making the purchase.**
9. Banks will be required to report all RTGS / inter account transfers that are suspected to involve selling / purchasing of cash.

10. The Bank Use Promotion and Suppression of Money Laundering Unit of the Reserve Bank of Zimbabwe, will be stepping-up monitoring activities to ensure that businesses comply with the legal requirement to bank all cash receipts. Inspectors of the Unit will also focus on identifying illicit cash transactions and referring such cases to law enforcement agencies.

Illegal selling / buying of high denomination foreign exchange bills

11. In a related development, the Reserve Bank of Zimbabwe has also noted with concern that there are individuals and businesses that are buying high denomination foreign exchange bills, for a premium, in exchange for low denomination bills.

12. Those who are buying the high denomination bills are doing so mostly to facilitate smuggling of cash out of the country. Such practices are illegal as they are associated with money laundering and externalization of funds.

13. The Bank wishes to warn those engaging in the above practices to desist from doing so, with immediate effect.

14. The public is urged to report such practices to the Reserve Bank, which will work with law enforcement agencies to bring the perpetrators to book.

15. Meanwhile the Bank will continue importing low denomination bills as a way of curbing the smuggling of foreign exchange bills out of the country.

Reserve Bank of Zimbabwe

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