



**PUBLIC STATEMENT ON CASH
AVAILABILITY
AT BANKS**

**BY DR. G. GONO
GOVERNOR**

RESERVE BANK OF ZIMBABWE

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1. INTRODUCTION AND BACKGROUND

1.1 On the 3rd and 4th of December, 2008, the Reserve Bank of Zimbabwe held very cordial and fruitful meetings with the Zimbabwe Congress of Trade Unions (ZCTU), led by Mr. L. Matombo, the President of ZCTU and Mr. W. Chibhebhe, the Secretary General of ZCTU, along with other Senior Executives in the ZCTU.

1.2 The nature of the ZCTU mandate and the issues they raised during the discussions were National in nature, representing the interests of the generality of all workers and users of cash in general.

1.3 With the Reserve Bank having presented to the ZCTU the current limitations in terms of currency printing due to the adversity of

sanctions currently being imposed against the country, it was agreed on the 3rd of December, 2008 that the ZCTU prepares scenarios and suggestions on possible remedial measures that would meet the interests of the workers.

1.4 The ZCTU was to also consider their proposals in the context of factual current average salaries and wage levels, as well as the employment numbers.

1.5 The Reserve Bank is pleased to report that the ZCTU worked swiftly to come up with proposals which enabled us to make informed discussions and decisions.

2. THE AGREED FRAMEWORK

2.1 Having carefully assessed the very genuine representations by the ZCTU in terms of the plight of the workers, the sick and all the other users of cash; and this within the context of full appreciation of the constrained cash supply chain due to the sanctions against Zimbabwe, the Reserve Bank is pleased to unveil the following jointly agreed positions between the Reserve Bank and the ZCTU, who in their representations clarified that they were representing not just their constituency, but all the other users of cash in general.

THE AGREED POSITIONS

(a) That with effect from Friday, the 12th of December, 2008, the cash withdrawal limit for

individuals **has been increased from \$100 million per week to \$500 million per week.** Company withdrawal limits shall remain at \$50 million, per week given that workers' needs have been catered for.

- (b) That with effect from Friday the 19th of December, 2008, each worker can **withdraw up to \$10 billion per month**, against presentation of a pay-slip which shall be endorsed at the bank to prevent abuse of the facility through repeated withdrawals.
- (c) That with effect from the 12th of January, 2009, all workers will be able to **fully encash their full salaries, without any limit upon presentation of a bona-fide, verifiable pay-slip**, which shall be stamped at the bank to avoid repetitive round-tripping.

(d) That over the outlook period, the cash supply framework will be amicably discussed between the Reserve Bank and Stakeholders on an on-going basis, so as to promote information symmetries and full appreciation of the realities on the ground on either side.

MEASURES AGAINST ABUSE

2.2 The Reserve Bank has noted with grave concern the tendency by some banks to allow their corporate and individual clients to violate the cash withdrawal frameworks, assisted by bank management and bank employees themselves.

2.3 Accordingly, therefore, as was fore-warned, any bank found violating Central Bank regulations

will meet with severe and swift remedial measures.

INDISCIPLINE AT CFX BANK

2.4 As part of its enhanced surveillance programme, the Reserve Bank of Zimbabwe now has capacity to trail cash movements from the Reserve Bank right up to each bank's branch networks through an elaborate Currency Serial Number Monitoring System.

2.5 On the afternoon of Wednesday, the 3rd of December, 2008, banking institutions were issued with a total of \$80 trillion to prepare their systems for the increased cash withdrawal limits beginning the morning of the 4th of December 2008, through issuance of new notes.

2.6 Among those who got cash was CFX Bank, which got a total of \$900 billion on the 3rd of December, 2008 for issuance to their depositors the next day, the 4th of December, 2008.

2.7 At exactly 9:30 p.m. on the 3rd of December, 2008, the Reserve Bank's tracking system picked up that the serialized notes issued to CFX Bank had mysteriously found their way into the market, notwithstanding the following facts:

(a) It was illegal to have new notes issued into the market prior to the date of the launch.

(b) There was no way the money issued to CFX Bank could have gone into the market through any other channel other than the bank's own systems since the delivery of cash to CFX was done to meet the needs for the next day. No

individual client nor company could have legally made a withdrawal of the new notes during the banking hours of 3 December, 2008.

THE FACTS

(a) CFX Bank got new notes in the following series:

\$10 million notes: Serials; AA0207001 to AA0217000

Amount: \$100 billion

\$50 million notes: Serials; AA7363001 to AA7377000

Amount: \$700 billion

\$100 million notes: Serials; AA0079001 to AA0080000

Amount: \$100 billion

Global issue: \$900 billion (signed off by CFX on collection under voucher number 01408 at 1220 hours, 3 December, 2008.

- (b)** At 9:30 p.m. on the 3rd of December, 2008, serialized new notes off the CFX withdrawal from the Central Bank was already in the market. The following notes are examples of what was retrieved from the market at **10:30 p.m. on the 3rd of December, 2008** under the Reserve Bank's enhanced surveillance system:

\$50 MILLION NOTES:

- Serial; AA7371182;
- Serial; AA7371195;
- Serial; AA7371198;
- Serial; AA7371199; and
- Serial; AA7371200.

- (c) The protected informant who worked with the Reserve Bank throughout the night, has reported that a total of **\$260 billion** was off-loaded by CFX in the night of 3 December, 2008, buying foreign exchange. It is left to fellow Zimbabweans to judge what sort of damage to the economy and the welfare of the people such behaviour is causing.
- (d) The Reserve Bank is in possession of the actual notes that were issued into the parallel market, exactly pinning down CFX Bank as the culprit, they have absolutely no excuse or way out.

2.8 Accordingly, therefore, the following measures have been adopted:

3. DISSOLUTION OF THE CFX BANK BOARD OF DIRECTORS AND REMOVAL OF TOP MANAGEMENT

3.1 With effect from 5 December, 2008, the entire Board of Directors of CFX Bank has been dissolved, and none of them can serve again on a bank Board.

3.2 The following persons are, therefore no longer fit and proper to work in a bank or to sit on any banking institution's Board **for the next 5 years beginning 5 December, 2008.**

THE DISSOLVED CFX BANK LIMITED BOARD OF DIRECTORS

- Mr. P. Chitando – Chairman
- Mr. J.S. Brown – Director
- Mr. E. Shadaya – Director
- Mr. J.N. Dhliwayo – Director
- Mr. M. Chingwena – Director
- Mr. B.C. Hofman – Director
- Mr. I. Chagonda – Director
- Mr. P. Alichindamba – Director
- Mr. A. Kandlela – Director

UNFIT AND IMPROPER MANAGEMENT

3.3 The following persons in CFX Bank have been duly declared **unfit and improper** to work in

any banking institution in Zimbabwe for the next 5 years beginning 5 December, 2008:

- Mr. O. Mukumba - Managing Director
- Mrs. P.T. Ndoro – Company Secretary
- Mrs. B. Kadirira – Head of Retail
- Mrs. W. Chidziwo – Head Treasury and Int. Banking
- Mrs. P. Mureya – Head of Finance & Administration
- Mrs. C. Dangarembga – Head, Risk Management
- Mrs. C. Saungweme – Head of Audit

3.4 The shareholders of CFX Bank are called upon to swiftly re-organize their institution's management and corporate governance systems to avoid further improper conduct.

3.5 It should be noted also that the requisite due-diligence procedures and clearance vetting are to be followed for all the needful appointments.

3.6 The Reserve Bank no longer has appetite for curatorships.

ANOTHER WARNING TO ALL BANKS

3.7 The entire banking sector is once again forewarned to stop any fraudulent activities.

3.8 Where banks literally off-load bulk cash meant for depositors onto the parallel market, as what CFX Bank was caught doing, the blame is conveniently put on the Reserve Bank.

3.9 Others have been alleging that there is “**Gono’s money bag**” doing the rounds with cash yet it is

unscrupulous banking institutions, who instead of being the trusted custodians of the public's funds, abuse their status and become the agents of economic destruction.

3.10 The banking laws of the country do not allow this.

THE HOLIDAY SEASON

3.11 The Central Bank has cancelled all annual leave for its Management and Staff and will leave no stone unturned to put a stop to any acts of indiscipline in the banking sector.

3.12 Each bank must fully account for all cash withdrawn from the Reserve Bank right up to the actual branch, by serial numbers as directed on **22 December, 2007** when each bank CEO was

given a specific letter of instruction preparing for the on-going currency tracking system **on all new notes issued.**

PRICES OF GOODS AND SERVICES

3.13 The Reserve Bank also appeals to sellers of goods and services to please have a heart and protect the interest of consumers.

3.14 We have noted sadly that almost every time new currency denominations are introduced or when workers' earnings are introduced, prices are increased unjustifiably.

3.15 As a Central Bank, we condemn such practices in the strongest of terms.

3.16 We call upon all Producer Associations to introspect and self-police their membership in the interest of protecting the welfare of workers, the sick and other vulnerable groups in our economy.

Thank you.

DR. G. GONO
GOVERNOR
RESERVE BANK OF ZIMBABWE

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