



## Press Release:

### **Issued by the Governor of the Reserve Bank, Dr John Mangudya**

I would like to thank His Excellency, the President, for appointing me to be the Governor of the Reserve Bank of Zimbabwe with effect from 1 May 2014. I feel highly honoured and humbled by the faith that the President and Government have bestowed on me. I would also like to thank my family for their support, love and prayers.

I pledge to do my utmost to keep that trust by focusing on the great responsibilities that the economy is expecting from the Reserve Bank of Zimbabwe at the time the economy is going through significant economic challenges. These challenges include low aggregate domestic demand, deterioration of the balance of payments, banking sector vulnerabilities and low industry capacity utilisation.

The lack of liquidity and its limited circulation within the economy remains the biggest immediate challenge that the Zimbabwe economy is facing. At the epicentre of this liquidity crunch is the country's banking sector, which has been operating without a formal interbank market and a lender of last resort since the introduction of the multiple currency system in 2009. The Reserve Bank would need to attend to these challenges and come up with solutions for the betterment of the economy.

The Reserve Bank would need to arrange for funding to capitalise itself and also becoming lender of last resort. We need to have a transparent and responsible Central Bank.

The Reserve Bank is also expected to promote a strong and stable financial system and to ensure that the multiple currency system is buttressed and maintained to restore and enhance confidence and credibility. The multiple currency system is sine qua non for turning around the fortunes of the economy.

I have optimism to believe that we shall overcome our challenges. We need to remain positive and work together as a team. It shall come to pass.

The greatest panacea of our challenges is discipline.

Discipline to utilise our resources efficiently.

Discipline to know that we need to increase production before we increase consumption.

Discipline to refrain from living beyond our means, as this would bring greed and corruption.

Discipline enough to find an equilibrium position or a point of harmony between the need to promote indigenisation and the need for foreign direct investment and the ability to synchronise the two.

Discipline to know that we need to work very hard for this economy.

The past three years have been challenging for the Zimbabwe economy and difficult for many Zimbabweans. People cannot find jobs, companies cannot pay each other as well as servicing their loans with banks, tax revenues are going down and the tax base is narrowing. The economy is weaker and the financial system is depressed. We need to be courageous and skillful to manage the situation on hand.

Whilst the Reserve Bank has no tools at the moment to influence the economy directly, I believe that its greatest strength rests on relationship management, policy advice and the ability to put in place national beneficial financial structures to increase liquidity and resuscitate the economy so as to unlock value in the economy and to work towards meeting some of the critical objectives enunciated in

ZIMASSET.

It is also critical that the relevant authorities and the productive sectors of the economy promote value addition and increase export earnings to enhance the level of liquidity in the economy. The Reserve Bank will do its part.

We need to serve Zimbabwe with great pride and dedication. We need to integrate Zimbabwe into the global arena. It will not be easy but we must do it.

**7 May 2014**