



**STATEMENT**

**BY**

**DR G. GONO  
GOVERNOR  
RESERVE BANK OF ZIMBABWE**

**ON**

**THE IMMINENT LAUNCH OF SUNRISE 2**

**21 NOVEMBER, 2007**

# 1. INTRODUCTION AND BACKGROUND

- 1.1 Ladies and gentlemen, fellow Zimbabweans, we meet at a point in time when as a Central Bank we have been impelled to now take **stern and unprecedented** punitive measures against the dark forces of parallel market trading and financial disintermediation.
- 1.2 It has become more than evident that, left to their own whims, the blossoming cash barons, smugglers and other illicit dealers will threaten the stability of our National Payment Systems.
- 1.3 As Monetary Authorities, we have closely trailed the recent trends and studied the avenues through which cash is being kept outside the formal systems, and time has come now that swift measures be taken.
- 1.4 As part of a **tactical move** to entrap these disruptive dealers, I had recently announced that Sunrise 2 was postponed to a later date.

1.5 Just as was expected, the cash barons, with total complicity of some banking institutions and bulk cash handling corporates swang into full gear with their illicit dealings, resulting now in **ARTIFICIAL** cash shortages that are inconveniencing innocent rural folks and other law abiding citizens.

1.6 The purpose of this Statement is to lay out in no uncertain terms the state of preparedness of the Reserve Bank of Zimbabwe to now launch **Sunrise 2**.

## **2. THE LESSONS AND EXPERIENCES UNDER SUNRISE 1**

2.1 Our swift operations under Sunrise 1, launched on 1 August, 2006 gave us the following key lessons:

(a) Some banks were allowing cash barons to deposit parallel market cash in excess of set daily limits. This time around, those hoarding cash will **burn their fingers** as new stricter surveillance systems have been devised;

- (b) The **RURAL AREAS** need special consideration, given that logistically, some terrains are **not** easily accessible. This time around, the vehicles and personnel to be deployed to rural areas will be more intense. We would like to assure our rural area parents, sisters, brothers, daughters and sons that a special programme will be put for them to make sure that no-one loses a dollar from Sunrise 2. They, therefore, need not worry. Equally, measures are in place to ensure that they are not used as escape hide-outs by fraudsters;
- (c) That some cash barons and bulk cash handling companies were splitting their stampede deposits using runners they picked from the streets. This time around, questions will be asked on all bulk cash deposits to certify source. Where no convincing proof is rendered, **the money will be frozen in zero interest Anti-money Laundering bonds for a minimum period of 5 years pending further investigations;**
- (d) Some dealers rushed to rural areas and dumped their dirty cash to unsuspecting rural people by buying off livestock in droves. This time around, the Zimbabwe Republic Police will

be strict on issuance of livestock movement certificates in and out of rural areas;

- (e) Some had bulk-shipped cash in neighbouring countries and some as far as Europe in search of foreign exchange in the parallel market. This time around, there will be tight collaboration with ZIMRA and law enforcement arms to ensure that no such cargo of returning cash will re-enter scot-free.

### **3. SUNRISE 2**

- 3.1 Armed with the above lessons, the general public, as well as the financial sector are hereby forewarned that Sunrise 2 is now imminent.
- 3.2 The Reserve Bank has now put in place all the machinery in place, to enable the implementation of a short and precise change-over programme, which would be completed in a matter of a few days, as opposed to the longer time accorded under Sunrise 1.

3.3 In order to guarantee maximum impact in terms of penalties to the destructive forces of parallel markets, the imminent actual date for Sunrise 2 shall remain undisclosed.

#### **3.4 SINCERITY IS SUBJECT TO PROOF**

3.5 In case there are those die-hards who think the Reserve Bank could be bluffing, the following systems have been put to the public's eye as proof that indeed Sunrise 2 is upon us:

- (a) The actual notes of the new currency have been circulated to the banking system, the media fraternity and the business representative leaderships;
- (b) The Reserve Bank has already assembled country-wide fueling depots complete with the logistical maps, to power Sunrise 2. These maps are open for viewing;
- (c) All the vehicle muscle, by province and by district has been aligned and is ready to go;
- (d) The entire country's bank branch network has been clustered, with comprehensive teams all now set for deployment.

## PROVINCIAL DISPERSION OF BANKS AND BRANCHES

	Harare	Bulawayo	Manicaland	Mashon East	Mashon Centra	Mashon West	Midlands	Matabe North	Matabeleland South	Masvingo	Total
<b>COMMERCIAL BANKS (14)</b>											
AGRIBANK	4	3	9	8	7	9	4	4	3	5	56
BARCLAYS	17	4	1	1	1	1	3	1	1	2	32
CBZ	10	2	1	2	0	5	4	1	1	2	28
CFX BANK	3	1	0	0	0	2	0	0	0	0	6
FBC	5	2	1	0	0	1	3	1	0	1	14
INTERMARKET B/ CORP.	1	0	0	0	0	0	0	0	0	0	1
KINGDOM	11	1	2	0	0	0	1	1	0	1	17
MBCA BANK	2	1	1	0	0	0	0	0	0	0	4
METROPOLITAN	7	1	1	1	0	0	0	0	0	0	10
NMB BANK	5	2	1	0	0	0	1	0	0	0	9
STANBIC	10	2	1	0	0	1	2	0	0	0	16
STANCHART	9	2	2	3	2	2	2	2	1	2	27
ZABG	5	2	4	1	0	4	2	1	1	0	20
ZB BANK	11	2	2	1	1	4	2	1	2	3	29
<b>MERCHANT BANKS (5)</b>											
ABC CORP	1	1	0	0	0	0	0	0	0	0	2
GENESIS	1	1	0	0	0	0	0	0	0	0	2
INTERFIN	1	1	0	0	0	0	0	0	0	0	2
PREMIER	5	2	0	0	0	0	0	0	0	0	7
RENAISSANCE	1	0	0	0	0	0	0	0	0	0	1
<b>BUILDING SOCIETIES (4)</b>											
BEVERLEY	13	5	6	3	1	6	5	0	1	3	43
CABS	29	9	9	4	3	10	7	2	3	4	80
FBC BUILDING SOCIETY	3	1	3	1	0	1	3	0	1	1	14
INTERMARKET	7	2	1	1	1	3	3	1	1	2	22
<b>FINANCE HOUSES (1)</b>											0
TRUSTFIN	1	1	0	0	0	0	0	0	0	0	2
<b>DISCOUNT HOUSES (4)</b>											
DCZ	1	0	0	0	0	0	0	0	0	0	1
HIGHVELD	1	0	0	0	0	0	0	0	0	0	1
NDH	1	0	0	0	0	0	0	0	0	0	1
TETRAD	1	1	0	0	0	0	0	0	0	0	2
<b>NON-BANK FINANCIAL INSTITUTIONS</b>											
POSB	11	4	2	1	1	2	2	1	1	2	27
ZIMPOST	30	0	10	7	5	8	0	0	1	0	61
<b>TOTAL BANKS PER PROVINCE</b>	<b>29</b>	<b>24</b>	<b>17</b>	<b>12</b>	<b>8</b>	<b>14</b>	<b>15</b>	<b>11</b>	<b>11</b>	<b>12</b>	
<b>TOTAL BRANCHES</b>	<b>207</b>	<b>53</b>	<b>57</b>	<b>34</b>	<b>22</b>	<b>59</b>	<b>44</b>	<b>16</b>	<b>17</b>	<b>28</b>	<b>537</b>

- (e) Already, the entire Zimbabwe Republic Police machinery has been alerted to be ready for the imminent Launch of Sunrise 2.

## **NEED FOR PREPARING I.T. SYSTEMS**

- 3.6 The swift and far-reaching implications of Sunrise 2 demand that all Bank and Non-bank Financial Institutions immediately gear their systems up for the change-over.
- 3.7 As Monetary Authorities, we advise that such preparation includes simulations for the removal of 1, 2, 3 or even 4 zeros from the current set of legal tender, as the actual change-over will be done with no advance warning.
- 3.8 The Bank Supervision and Surveillance arm of the Reserve Bank will be, **with immediate effect**, moving around banks to certify their state of preparedness.
- 3.9 Any defaulters will face appropriate corrective measures.
- 3.10 It is imperative that Audit firms and the entirety of the corporate sector also ensure that their systems are ready for this swift surgical operation.

## **NEUTRALITY ON PRICES**

3.11 As Monetary Authorities, we also wish to highlight to the corporate world, including wholesalers and retailers that this change-over **should not** translate into underlying price increases as happened under Sunrise 1.

3.12 The Reserve Bank will work closely with the National Incomes and Pricing Commission (NIPC) to make sure that members of the public are not short-changed.

## **DEPOSIT PERIOD**

3.13 With a total of \$58 trillion in cash currently in issue and in circulation, the current shortages are principally a result of underground parallel market trading activities.

3.14 With immediate effect, therefore, all holders of excess cash must deposit same back in the formal system in order to avoid serious and perilous losses when their hoarded loot turns into useless manure.

3.15 The cut-off date for acceptance of current bearer cheques will be announced imminently along with the actual launch date.

#### **4. CONCLUSION**

4.1 Fellow Zimbabweans, time has come that we say no to self-destruction of our economy by a few bad apples among us whilst the rest watch.

4.2 As Monetary Authorities, we say **NO** to this callous path, and hereby declare **total war** against the illegal dealers who are causing havoc in our markets.

4.3 This time around, those who do not take heed will **never recover financially**, as a definite ultimate blow is being set on them.

4.4 To the Rural folk, we say, **please do not panic** as special tailor-made conditions are being put in place for your convenience.

Thank you.

**DR G. GONO**  
**GOVERNOR**  
**RESERVE BANK OF ZIMBABWE**

21 November 2007