



PRESS STATEMENT

1. News carried in The Herald newspaper of today, Friday 19 August, 2011 stating that Barclays Bank Zimbabwe Ltd and Standard Chartered Bank Zimbabwe Ltd were among the companies given a two-week deadline to comply with the indigenization law and regulations or risk losing their licences at the end of the said two week period have caused panic in the banking sector thereby necessitating the issuance of this statement.
2. Ordinarily the Reserve Bank of Zimbabwe does not respond to each and every comment made about the financial sector except in extreme cases of misinformation or when statements made are grossly out of line with reality as to likely destabilize the sector and the economy in general.
3. The few instances which necessitated rebuttal statements from my Office were when an IMF team jetted into the country and after a week's "working holiday", issued a misleading statement suggesting that Zimbabwe's financial sector was both unstable and full of vulnerabilities. The second and most recent occasion

was when it was erroneously stated in the Mid-term budget statement that Zimbabwe's banking sector non-performing loans (NPLs) were in the order of 37% of total banking sector loans when, in fact, the ratio of NPLs was less than 5%. In both cases, it will be agreed that as Governor, I was duty-bound to set the record straight lest "misrepresentations told repeatedly become truths".

4. The Reserve Bank of Zimbabwe which is the legal authority to issue or take-away banking licences to operators in the banking industry wishes to advise all stakeholders that it has neither given notice to nor does it have any immediate or foreseeable intention(s) to withdraw operating licences from any registered financial institution under its supervision.
5. This position must however not be misconstrued to imply that the Bank condones or encourages non-compliance with the law by any institution operating under its purview. The law of the land is the law and it must be complied with.
6. Having stated the above, Stakeholders are reminded that it is the legal duty of this Central Bank to superintend over the **smooth functionality** of Zimbabwe's financial sector and to ensure **financial sector stability in the country without which no economic activity**, including the much needed local and foreign

investment attraction, let alone the retention, can ever be realized.

7. As stated before, ad infinitum, and most recently in the supplement to my Monetary Policy Statement, the Financial Sector ought to be treated with a great deal of circumspection. Experts in the field of banking and finance and who have had years of experience in it, including serious qualifications in relevant subjects pertaining to the sector, deserve to be listened to when they give sound advice. This is necessary in order to avoid fly-by-night, reckless and excitable flexing of muscles and decisions that overlook certain fundamentals that could irreparably harm the nerve-centre of our recovering economy.
8. To this end, tendencies towards firing harmful verbal economic-gunpowder must be minimized by all stakeholders in the interest of the economy and the Reserve Bank of Zimbabwe Board forewarns people playing with economic gunpowder to leave the game to those well-trained in its use and safe custody, lest the unintended will happen, to everyone's future regret.
9. There are ways of achieving the same objectives as intended by the law through non-confrontational means and not in a manner of dishing out threats to sensitive institutions that are custodians of people's hard earned savings. I will not speak about other sectors of the economy facing similar difficulties as to do so

would be a quasi-fiscal misfiring on the part of the Governor and we all know how some stakeholders react to the Governor's extra-territorial initiatives, however noble.

10. As a Bank we pledge to assist in dealing with non-compliant banking institutions through extensive consultations with all beneficiary stakeholders in the economy ranging from industry, labour, empowerment groups, mining, agriculture, manufacturing, tourism, transport and other government agencies, to name but a few. **BUT** not in a manner that smacks of **irrational exuberance** during these times of necessary soberness.
11. The recently concluded SADC Summit in Angola had, we are informed, as one of its Agenda items the review of the **global financial crisis** which is still engulfing the world of finance and **any actions on our part which are viewed or misread as precipitous or calamitous to the point of causing regional or country financial sector instability, however justified, will not find favour with Governors of Central Banks in the region let alone Reserve Bank of Zimbabwe.**
12. Currently as the RBZ we are battling to stabilize indigenous owned financial institutions that are not adequately capitalized and which are experiencing liquidity challenges due to a variety of factors. To this end therefore, the timing of any move that we

may take or intent to take is important. May all Stakeholders please be guided accordingly and take heed before it's too late.

DR. G. GONO
GOVERNOR