



## **PRESS STATEMENT**

### **WARNING AGAINST TRADING IN CRYPTOCURRENCIES**

1. Further to the Press Statement issued by the Reserve Bank of Zimbabwe (the Reserve Bank) on 20 December 2017 on the use of virtual currencies in Zimbabwe, the Reserve Bank wishes to reiterate that virtual currencies or cryptocurrencies such as Bitcoin and Litecoin do not have legal tender status as they are neither issued by the Reserve Bank nor guaranteed by the government.
2. The Reserve Bank of Zimbabwe has not authorised or licensed any person or entity or exchange for the issuance, sale, purchase, exchange or investment in any virtual currencies/coins/tokens in Zimbabwe. Exchanges such as Bitfinance (Private) Limited (Golix) and Styx24 are not licensed or regulated by the Reserve Bank.
3. For the avoidance of doubt, dealers and investors in any kind of cryptocurrency in Zimbabwe are not protected by law. Virtual currencies are traded in exchange platforms that are unregulated, all over the world.
4. The opacity and pseudonymous nature of virtual currencies presents regulatory concerns due to the potential risks to the public and financial stability. The nature of cryptocurrency transactions make them the currency of choice for money launderers and other criminals, seriously undermining global efforts to combat

money laundering and the financing of terrorism. Anonymity renders the transactions difficult for law enforcement agencies to trace.

5. Financial regulators around the world have identified the dangers and risks presented by virtual currencies which include risk of loss due to price volatility, theft or fraud, money laundering and other criminal activities.
6. Cryptocurrencies can be used to facilitate tax evasion as well as externalization of funds in violation of a country's laws. Any instrument or platform that results in a flow of foreign exchange or value into and out of Zimbabwe (or between residents and non-residents), is therefore subject to approval in terms of the Exchange Control Act. The anonymity of transactions in respect of virtual currencies have the potential to result in exchange control circumvention as the transfer would not be effected and reported by an Authorised Dealer in foreign exchange.
7. Central banks are stewards of public trust and have an obligation to safeguard the integrity of payment systems as it has implications on financial stability. Cryptocurrencies have strong linkages and interconnectedness with standard means of payments and trading applications and rely on much of the same institutional infrastructure that serves the overall financial system.
8. In order to safeguard the integrity, safety and soundness of the country's financial system, and to protect the public in general, all financial institutions have been required to ensure that they maintain sound and adequate anti-money laundering controls to enable them to comply with customer identification, verification and transaction monitoring requirements. Further, the Reserve Bank has directed all banking institutions not to provide banking services to facilitate any person or entity in dealing with or settling virtual currencies.

9. Members of the public are hereby further warned not to participate in the trade of cryptocurrencies.
10. Any person who buys, sells, or otherwise transacts in cryptocurrencies, whether online, or otherwise, does so at their own risk and will have no recourse to the Reserve Bank or to any regulatory authority in the country.
11. The Reserve Bank will continue to closely monitor regional and global cryptocurrency developments in order to inform policy direction.

**Dr. J. P. Mangudya**  
**Governor**

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